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NEWS SUMMARY

GENERAL

China tests nuclear bomb

China yesterday exploded a nuclear device in the atmosphere at its Lop Nor test site in north-west China.

The U.S. Department of Energy reported that the devce had an explosive yield of less than 20 kilotons. The U.S. Environmental Protection Agency is to monitor radiation effects in the atmosphere.

China is not a signatory to the Nuclear Test Ban Treaty which forbids explosions in the atmosphere. The last reported Chinese nuclear test was in September. In November 1976, U.S. monitoring agencies said China had exploded a nuclear device equivalent to 4m. tons of TNT.

Mrs. Gandhi may be prosecuted

India's Home Ministry may prosecute Mrs. Indira Gandhi, former Prime Minister, in 11 cases in which she has been found guilty of "gross misuse of power." The Shah Commission examining charges of misrule and corruption during her 19-month emergency rule has said that she violated established constitutional and administrative practice in deciding on the emergency without consulting the Cabinet. Page 2

Russia backs Ethiopians

The Eritrean People's Liberation Front claimed it had pushed Ethiopian troops back towards the provincial capital of Asmara. Russia announced it saw ideological and political grounds for supporting the Ethiopian Government against Eritrean rebel groups. Pravda said Western and Arab support for the secessionists aimed to weaken Ethiopia and deprive it of its Red Sea outlets. Page 2

Hanging verdict

South African security police were not to blame for the death in detention of a dentist suspected of subversive activities, a Durban inquest magistrate said. He ruled that Dr. Hoosen Haffejee died by hanging, but did not return a suicide verdict.

Virgo freed

Former Porn Squad Commander Wallace Virgo was freed after the Court of Appeal quashed his conspiracy and corruption convictions. The Appeal Judge said Mr. Virgo had been the victim of the "very limit" of judicial rhetoric.

Briefly . . .

The Scottish devolution Bill received an unopposed second reading in the Lords. Parliament, Page 13

David Duke, Ku Klux Klan Grand Wizard, violated bail terms by visiting Britain and faces a six-month prison term on his return to the U.S., the Louisiana prosecutor's office said.

The Independent Broadcasting Authority has repeated its plea for a fourth television channel. Its annual report also calls for development of independent local radio.

The editor of Pakistan newspaper Mussawat has been sentenced to a year's imprisonment for publishing material which violated the ban on politics.

An armed gang escaped with £25,000 after a raid on a bank security truck at Crawley, Sussex.

Food researchers in the Philippines have recommended rat sausage as a new form of protein.

Ron Lyle, contender for the world heavyweight boxing title, is to be tried in Colorado for the murder of his former sparring partner.

Cellist Mstislav Rostropovich and his wife, opera singer Galina Vishnevskaya, have been stripped of their Soviet citizenship.

Fifty-five prisoners were killed and 73 injured in a riot at Devoto prison, near Buenos Aires. Page 4

BUSINESS

Equities rally halted; Boost for yen

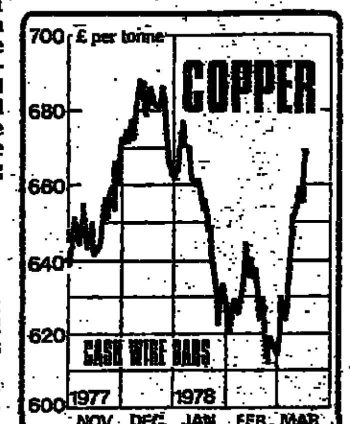
● EQUITIES interest centred on second line stocks, as Israeli invasion news halted an attempted rally in equity leaders. The FT Ordinary index closed 6.5 down at 453.9.

GILTS recorded widespread gains and the Government Securities Index closed 0.14 up at 75.96.

● YEN reached a high of Y235.10 against the dollar on news of Tokyo measures to stem its appreciation. The DOLLAR showed little change overall and its depreciation was 5.25 per cent. (5.26). STERLING fell 80 points to $1.9070 and its trade-weighted index fell to 64.3 (64.6).

● GOLD fell $1½ to $186¼.

● COPPER led a general rise in metal prices, with cash wire-



bars closing £18.25 up at £669.75 a tonne, the highest for two months. Page 35

● WALL STREET was 5.37 down at 757.19 just before the close.

● JAPAN has cut the yen minimum lending rate from 4.25 per cent. to 3.5 per cent. and imposed strict sanctions to stop speculation. Back Page, Economic Viewpoint, Page 21

OECD says U.K. should reflate

● BRITAIN is urged in an OECD report to cut taxes and give the economy a careful reflationary boost to reduce unemployment. At the same time, a Bank of England report shows that foreign money is continuing to flow into the U.K. and the growth of M3 has continued above the official target rate. Back and Page 14; Editorial comment Page 20

● U.K. INDUSTRIAL output shows no sign of upturn, in spite of a slight rise in consumer demand. Page 6

● PAY CONTROLS are being unfairly applied and will hinder industrial recovery, Mr. Frank Chapple, electricians union leader, has said. Page 7

● CHEMICAL industry plans to spend about £6bn. on U.K. expansion in the next three years, with £1.07bn. invested in capital projects in 1978. Back Page

● BP and its partners hope to extract £360m. worth of oil from the Buchan Field in the first four years of production. Page 6

● STEEL UNIONS say they will "resist to the end" any cutbacks which could threaten BSC's future in competitive quality steel market. This follows news that more than £1bn. worth of investment is to be shelved. Page 7

● COURT LINE final report from the Department of Trade is to be published to-day, and is expected to conclude that the 1973 accounts did not give a fair view.

● CHRYSLER U.K. is operating profitably for the first time since its Government rescue in 1975. Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Excheq. 10½pc 1995	£91⅜	+ ⅛
Adwest	236	+ 5
British Printing	45½	+ 2½
Brown and Tawse	92	+ 4
Carter Ryder	282	+ 5
Cie. Bancaire	£50	+ 6
Crescent Japan	136	+ 7
Esperanza	131	+ 6
Graig Shipping	150	+ 30
Irish Distillers	124½	+ 8½
Keyser Ullmann	45	+ 3
L and P Poster	205	+ 4
MFI	71	+ 5
Matthews (B.)	137	+ 7
Smurfit (J.)	185	+ 7
Stewart Plastics	135½	+ 10½
Stothert and Pitt	150	+ 10
United Newspapers	320	+ 6
Vosper	178	+ 9
Woodward (H.)	40	+ 7

FALLS

GUS A	276	− 8
Grindlays Hldgs.	109	− 6
Hay's Wharf	135	− 5
Legal and General	159	− 4
Metal Box	298	− 6
Samuelson Film Srvc.	105	− 3
United Biscuits	144½	− 6½
Vickers	177	− 6
Walker (J.) NV	77	− 4
Wigfall (H.)	220	− 6
Woolworth (F. W.)	64½	− 3½
Yorkshire Chemicals	80	− 6
Shell Transport	500	− 16
Ultramar	220	− 8
Berjuntai	220	− 5
De Beers Dfd.	337	− 7
Doornfontein	294	− 14
Gold Fields SA	£11½	− ¼
Venterspost	226	− 15
Western Deep	734	− 46

MORE THAN 20,000 TROOPS IN BIGGEST-EVER RAID ON GUERILLAS

Israel seeks buffer zone

BY IAN DAVIDSON and DAVID LENNON: TEL AVIV, March 15

ISRAELI forces to-day occupied the south of Lebanon and made air attacks on the outskirts of Beirut in a bid to eliminate the fighting strength of the Palestinian guerillas in the region.

More than 20,000 men, the equivalent of four brigades, backed by artillery, aircraft and naval vessels, swept into the Lebanon in the largest attack ever mounted against the Palestinians. The official aim is to create a buffer zone along the entire border.

The move, four days after a Palestinian guerilla attack on Israel, in which 40 people died, raises a major question mark over Middle East peace talks, and particularly over the outlook for the discussions which Mr. Menahem Begin, the Israeli Prime Minister, will have with President Carter in Washington next week.

Mr. Begin, Mr. Ezer Weizman, the Defence Minister, and Lt.-General Mordechai Gur, the chief of staff, toured the newly-occupied zone to-day in a jeep and visited Christian villages in the south of Lebanon. Later they reported to a special Cabinet meeting on the progress of the military operation.

The operation began late last night. Fighter bombers hit

targets north of the River Litani, risking a direct clash with the 30,000-strong Syrian dominated Arab peace-keeping force. But ground troops held back from this notional "stand-off" line separating Israeli and Syrian forces.

The attack had been postponed for more than two days because of bad weather in the region, but once the clouds lifted towards noon yesterday the command was given for the action to start.

The Israelis moved on a 60-mile front from the Mediterranean coast to the foothills of Mount Hermon in the east. The villages of Al Naquoura, Bint Jbeil, Maroun, Khyam and Ebel el-Saki were over-run. Marines launched an attack from the sea south of the port of Tyre while fighter-bomber raids pounded three alleged guerilla bases, one of them on the fringes of Beirut.

Mr. Weizman insisted that "this is not a reprisal operation in the usual sense." It was designed to "uproot as far as possible terrorist concentrations in southern Lebanon."

He seemed to imply that Israeli forces will remain, in some form, inside South Lbanon for an indeterminate period, but not permanently.

"Nobody sees South Lebanon as part of Israel, and nobody ever will. After the Israeli defence force leaves, I hope South Lebanon will be governed by the legal government of the country," Mr. Weizman said.

In view of Israel's superiority in men and equipment, Western observers expect that Israel will achieve its primary objective of clearing a corridor along the border quite quickly, perhaps within a week.

The question of what happens then remains very much open. As Mr. Weizman said, the Israeli operation would be "continuous, as long as it has to be continuous."

The main danger arising from the Israeli action is that it could lead to a wider conflict in the area. Mr. Weizman stressed the limited nature of Israeli aims, and hoped that the Syrian and Lebanese Governments would understand this.

Possibility

The Syrians have no interest in seeking full-scale war, since they are no match for Israel, and could not count on Egyptian military support; President Sadat has condemned the Fatah raid last Saturday, and the Egyptian Government has been slow to condemn Israel's action to-day.

At this stage the possibility cannot be ruled out that the Syrians may feel obliged to lend military support to the Saiqa Palestinian group, which is led by Syrian officers, nor that the Christian militias in the north may be encouraged by the Israeli invasion to launch their own parallel attack on Palestinian positions.

If this happened, the Syrians would be forced to get involved, in their capacity as the keepers of the peace in Lebanon, however little it would serve their national interest to do so.

To-day's action by Israel may well add to the problems already surrounding the broader Middle East peace initiative launched last November by President Sadat of Egypt.

The Fatah attack and the Israeli military response are likely to strengthen Mr. Begin's position in Israel and in his Cabinet, and re-inforce the natural intransigence which he has hitherto shown in his dealings with Egypt, notably over the settlements in the Sinai and the question of withdrawal from the West Bank of the Jordan.

Some Western diplomats believe Mr. Begin will now argue that these events have proved him right in his hard-line attitude to UN Resolution 242 and withdrawal from the occupied territories, and that he will now be in a stronger position to secure support in the U.S. Congress from traditional friends of Israel over the controversial Carter plan to link aircraft sales to Israel, Egypt, and Saudi Arabia.

Other developments, reactions and maps Page 2. ● The wider perils of Israel's invasion Page 20.

Syrian aircraft put on alert

BY OUR FOREIGN STAFF

THE ISRAELI invasion was widely condemned last night by Arab and other Governments.

Syria, which has 30,000 peacekeeping troops in Lebanon, put her air force on alert and said she would come to the defence of the peacekeeping forces if Israeli artillery attacked them.

A statement from Damascus said Syria viewed the situation with "extreme concern."

The U.S. was working through diplomatic channels last night to contain the fighting. It stopped short of condemning the raid.

Mr. Cyrus Vance, the Secretary of State, who conferred with President Carter, said the U.S. was watching developments with care, but confined himself to saying that the invasion was "an impediment to the peace process."

The Sovet Union denounced the raid as a "rabid aggression" against the Palestinians, and said it was possible only because of American military support and Egyptian political quiescence.

Violation

At the UN in New York, Lebanon handed Dr. Kurt Waldheim, the UN secretary-general, a note condemning the attack and reserving the right to call an emergency meeting of the Security Council.

Dr. Waldheim said: "Whatever the motivations for this action may have been, I can only deplore the violation of the boundaries of a sovereign state and the massive use of force."

Mr. Selim al-Hoss, the Lebanese Prime Minister, condemned the invasion as a criminal attack and appealed to "nations throughout the world to join us in condemning aggression and putting an end to it."

Mr. Yasser Arafat, the Palestine Liberation Organisation leader, sent an urgent note to Arab Heads of State urging them to "face this military onslaught which extends along the Lebanese boarder from Naqoura to Mount Hermon in unprecedented density."

Egypt condemned the attack and said it placed a new obstacle on the road to peace.

The Arab League demanded immediate UN action to end the invasion.

Airbus hoping for $800m. U.S. order

BY JOHN WYLES NEW YORK, March 15.

EUROPE'S AIRBUS INDUSTRIE consortium believes it is only a few days from winning an $800m. order from the U.S. Eastern Airlines which would give its A300 passenger aircraft the much sought-after breakthrough in the U.S. aircraft market.

Months of sometimes tortuous negotiations culminated last night in a decision by Mr. Frank Borman, Eastern's chairman and former astronaut, to put a draft package to directors next week. Airbus Industries negotiators were confident here to-day that Mr. Borman would be given the go-ahead to order 23 of the European jet aircraft to be delivered by the end of 1982.

Mr. Borman said last night that though some items remained to be settled before a "definitive" agreement could be made, "we have reached a sufficiently positive stage where we believe we should reviews the status of negotiations with our directors and lenders."

Echoing this optimism Mr. George Warde, U.S. president of Airbus Industrie, said to-day: "We are in a position where we have put together a package which make financial sense to Eastern, and permits us to remain competitive in the rest of the free world."

While the Airbus Industrie consortium, largely a Franco-German undertaking, will remain publicly cautious until the deal is signed, officials believe that Eastern's decision to place the largest U.S. order for a European civil aircraft in more than a decade will unlock significant orders from other U.S. airlines.

They claim that there is a real possibility of additional sales to six other U.S. operators.

Eastern has employed four A300Bs on a no-cost six-month lease since December. These will be bought under the proposed package with 19 more, to be delivered at a rate of three this year and four each year from 1979 to 1982.

The negotiations have had to surmount a number of obstacles to reach this stage. In the first place the proposed financial package had to take account of Eastern's comparatively highly leveraged balance sheet.

It is thought that Airbus has lined up a number of European banks prepared to advance substantial long-term money backed by the consortium's guarantees.

Eastern was pressing Airbus for positive aid in disposing of a number of its 34 Lockheed L1011 aircraft, some of which will be made redundant by purchase of the airbus. The European manufacturers resisted this, and no commitment has apparently been made.

Still outstanding is the problem of reaching agreement with the operators of La Guardia Airport, New York. Fully loaded, the A300 imposes too great a weight on the sections of the airport's runway which stretches out into Flushing Bay.

An agreement is said to be close on an operating weight for the aircraft, which would enable Eastern to run its service to Miami and Houston at an acceptable capacity.

This will involve Airbus Industrie's spending about $500,000 strengthening runway support, while at the same time developing modifications to the aircraft's landing gear by 1980, so that its weight is spread more broadly over the runway's structure.

Average earnings rise may be 14%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE INCREASE in average earnings during the present pay round is now clearly heading for less than 15 per cent., judging by official figures published yesterday.

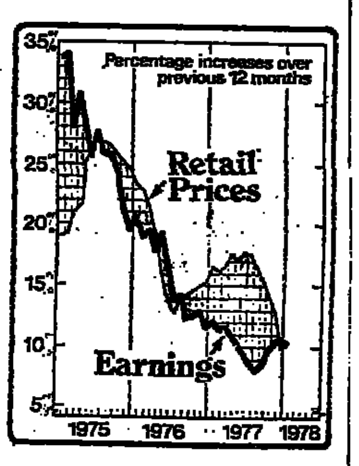
The index of average earnings rose by 6.8 per cent. in the six months to January, the first half of the pay round.

This is equivalent to an annual rate of nearly 14 per cent., compared with the Government's 10 per cent. pay rise guidelines.

This is the first time the official index has confirmed internal Whitehall estimates of a likely outcome of a rise of between 12 and 14 per cent., rather than an increase in excess of 15 per cent. as projected by some City analysts last autumn.

The Organisation for Economic Co-operation and Development report on the U.K. economy, published to-day, projects a 14 per cent. rise, while the Bank of England bulletin, also out to-day, says a rise of 13 per cent. or more is likely.

Part of the difference between the likely outcome and the 10 per cent. guidelines is an estimated 1-2 per cent. addition from productivity deals. These are supposed to be self-financing.



The latest figures are encouraging, for during the previous two phases of pay policy, the rise in earnings has been larger during the first half of the pay round than in the second half.

Last year, for example, a rise of 5.7 per cent. by January compared with a full year outcome of 8.9 per cent.

Officials were yesterday claiming that over 95 per cent. of

Continued on Back Page

Callaghan to see Carter over plans for economic summit

BY RICHARD EVANS, LOBBY EDITOR

MR. JAMES CALLAGAN is to pursue his initiative for concerted action to boost economic confidence with a surprise visit to Washington next week for talks with President Carter on international economic co-operation.

The British Government's hope is that leaders of the major industrial nations will be able to agree a package, to be endorsed at the economic summit in Bonn in July, that will counter the current world recession.

The initiative was pressed at the meeting between the Prime Minister and Chancellor Schmidt in Bonn last Sunday, and the talks with President Carter are seen as a natural follow-up to gain full U.S. backing.

The British Government's view is that what is needed above all is the political will to boost world economic confidence, and this can only be harnessed by careful preparation well ahead of the July summit.

Because there is such a wide divergence of view on the best means of restoring confidence, Mr. Callaghan argues that a wide-ranging set of proposals will be needed, with each country playing a different but integrated role.

Mr. Callaghan explained his own views to the Finance Houses' Association on Tuesday, when he said action was needed to generate higher growth, produce greater stability in currencies, generate long-term capital flows to developing countries, conserve more energy, and increase trade to avoid the danger of protectionism.

He will fly to Washington next Wednesday for talks with President Carter on Thursday, "to review political and economic developments in a variety of areas." He will remain for a few days with his daughter and his son-in-law, Mr. Peter Jay, the British Ambassador.

The hope is that the visits to Bonn and Washington will stimulate international discussion at a series of meetings before the July summit, including EEC Finance Ministers in Brussels on March 20 and Luxembourg on April 17, the EEC summit in Copenhagen on April 7 and 8, and the IMF interim committee meeting in Mexico City on April 29 and 30.

£ in New York

—	March 14	Previous
Spot	$1.9020-1.9070	$1.9090-1.9100
1 month	0.01-0.06 prem	flat-0.05 prem
3 months	0.03-0.05 dis	0.12-0.07 dis
12 months	0.63-0.53 dis	0.90-0.70 dis

CONTENTS OF TO-DAY'S ISSUE

FEATURES

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THE ISRAELI INVASION OF SOUTHERN LEBANON

Troops capture five PLO strongholds

BY OUR FOREIGN STAFF

ISRAELI troops have captured five major Palestinian strongholds in Southern Lebanon and fighter-bombers have pounded three commando bases, one on the fringe of Beirut, in the biggest ever attack launched against the Palestinian guerillas.

An estimated 20,000 troops, backed by tanks, artillery and fighter-bombers were attacking yesterday along a 60-mile front from the Mediterranean coast to the slopes of Mount Hermon. Independent sources said the Israelis had overrun the coastal villages of Al-Nakuora, as well as Bint Jbeil and Maroum er-Raa and the strongholds of Khyiam and Ebel aa-Saqi to the east.

Meanwhile, Israeli fighter-bombers struck the Damour base, 12 miles from Beirut, from which the Palestinian guerillas left to launch their raid on Tel Aviv last Saturday, in which 33 Israeli civilians were killed.

Israeli jets also bombarded a guerilla naval jetty at Ouzai, only two miles south of Beirut, and one at the Mediterranean port of Tyre, 10 miles from the Israeli border. The Israeli military command said Ouzai was a training and maintenance base for the Palestinians, and described Tyre as the main guerilla supply route in southern Lebanon.

The Israeli invasion force had not, according to early reports crossed the Litani river—the notional "red line" set down by the Syrians as a trigger-point activating their own forces into action against the Israelis.

The major Palestinian town of Nabatiyah, about nine miles from the Israeli border and north of the Litani, has been the scene of Palestinian military activity during the past 24 hours. The town which used to have a population of 30,000, is now the main point in the Palestinian second line of defence.

No casualty figures have been released but first reports indicated that they were heavy. Mr. Ezer Weizman, Israeli Defence Minister, said the Palestinians had suffered "a relatively high number of casualties" and that a number had been captured. The Israeli forces, he said, had also sustained casualties but "far fewer than the Fatah (guerillas)."

Palestinian sources said the Israelis suffered their heaviest casualties when they landed at a beach just south of the port of Tyre. The battle raged between the villages of Aziyeh and Hinniyeh, where the Israelis suspect the guerillas of maintaining a marine training base.

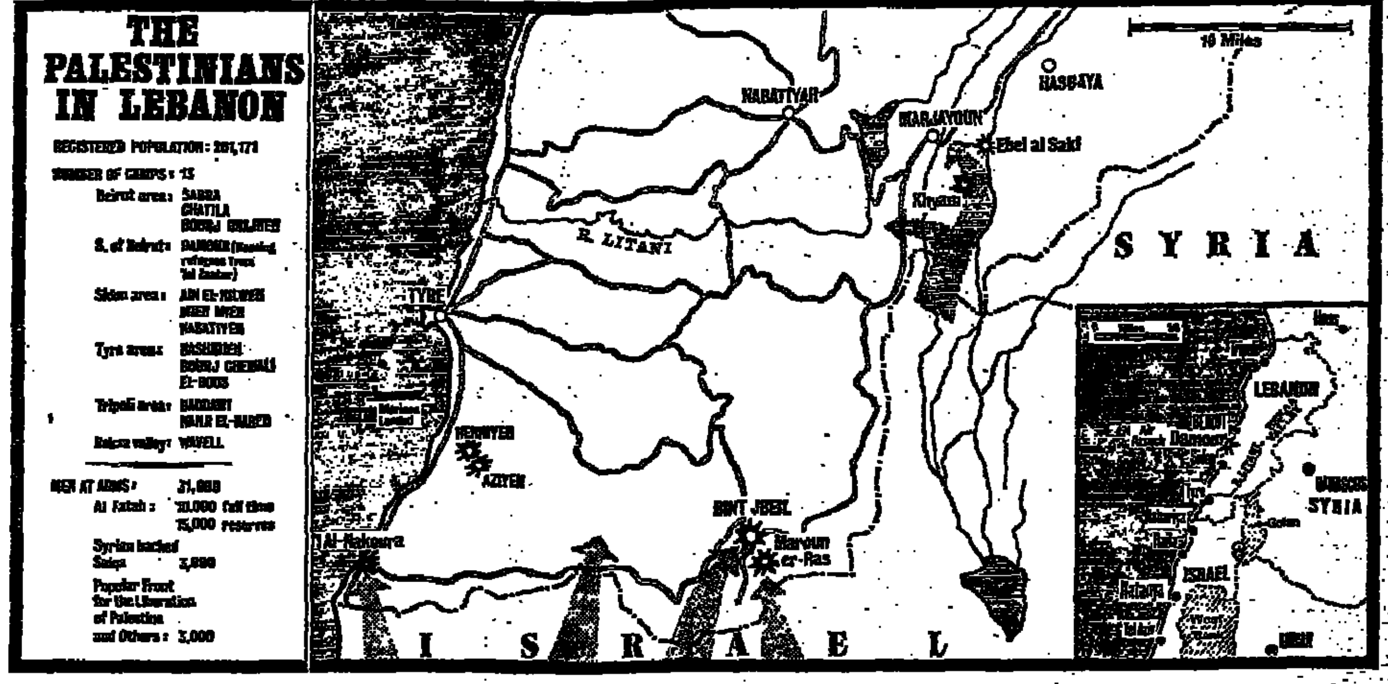
The Israeli troops, instructed to avoid direct military contact with the Syrian units in Lebanon, were told to search out the guerilla bases, destroy them and then hold the captured area. The ultimate aim, as spelled out by Israeli spokesmen, is to destroy the Palestinian fighting presence and establish a security cordon 7-10 km. deep along the entire length of the 100 km. border.

General Mordechai Gur, the Israeli Chief of Staff, was able to announce by 9 a.m. yesterday morning that most of his army's objectives had been achieved. "Most of the terrorist bases have already been captured and we are now concluding the mopping-up of the bases not yet dealt with. Then, we will line up the (Christian enclaves, so that there will be a security belt along the entire length of the border."

He explained that the original operations were aimed at destroying the Palestinian bases which were being used to shell Israeli positions.

Statements by Mr. Ezer Weizman, Israeli Defence Minister, that his troops will stay in the area until the Lebanese Government can take over, led to speculation in Beirut that the Israelis would stay in the country for a long time. "In effect, this has shortened the Lebanese border area by 10 miles," commented one observer.

More Middle East Page 20



U.S. watches with concern and tries to contain fighting

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, March 15.

THE U.S. has not yet called on Israel to stop its incursion into Lebanon, Mr. Cyrus Vance, the Secretary of State, said this morning.

It is clear that the Carter Administration is watching the escalation of violence in the Middle East with mounting concern and is seeking through diplomatic channels to ensure that fighting is contained.

Mr. Vance conferred with President Carter in the White House this morning, after which Mr. Jody Powell, the Press Secretary, said that any Administration pronouncements on the Middle East would come from the State Department and not from the President's office.

The Secretary of State subsequently said that the U.S. was following events with care. President Carter had been informed of the Israeli retaliatory action by Prime Minister Begin last night at about the same time as it was launched. Although Mr. Vance did not say so, U.S. officials had suspected beforehand that Isral might make a move yesterday.

Mr. Vance agreed that both last week-end's PLO raid on Israel and the Israaeli response "are impediments to the peace process—but we have to work our way out." He said that the U.S. was in touch "with all the parties" and was also passing messages back and forth between them.

However, he stressed that the U.S. had not so far asked Israel to pull back from Lebanon. "That is a decision they (the Israelis) have to make for themselves," Mr. Vance said.

"We hope there will be no civilian casualties."

Next week's conference between President Carter and Mr. Begin in Washington has now assumed even greater importance than it would have carried without the developments of the past four days.

There is considerable concern here that the U.S. leverage over Israel has been appreciably weakened. Yesterday a State Department spokesman warned Israel that if it used American arms in any cross-border retaliatory action it would be violating the terms of the agreement under which Israel bought these weapons.

But it may be impolitic for the U.S., aware of its current difficulties with U.S. Jewish opinion, to make much of this point in public when Israel is engaged in the sort of action that normally rallies public opinion here.

Panic grips refugees as Israeli aircraft strike close to Beirut

BY ROGER MATTHEWS SOUTHERN LEBANON, March 15.

THOUSANDS of Lebanese and Palestinian refugees streamed north to-day as Israeli armoured units, backed by air strikes and naval bombardments, continued their push against camps and villages occupied by members of the Palestine Liberation Organisation in the south of the country.

A 10-hour tour close to the battle area revealed evidence of indiscriminate or ill-aimed artillery shelling that claimed civilian lives and air strikes which hit Lebanese areas.

Along the coastal road from Beirut to the port of Tyre in the south, the almost orderly flight of refugees turned to near panic this afternoon as Israeli aircraft struck steadily nearer Beirut.

It reached its peak just after 2.30 p.m. when an Israeli jet blasted the already damaged town of Damour 20 kilometres south of the capital.

Masonry was hurled across the coastal road and was followed by further explosions as cars tried to manoeuvre at top speed through the narrow path that remained clear.

Many refugees had turned back hearing the blasts in Damour and found themselves returning in the direction of the advancing Israelis.

Minutes later a suburb of shacks and newly-constructed buildings on the seashore close to the centre of Beirut was struck.

The attack is thought to have been aimed at the large Palestinian camp of Sabra nearby. A Syrian army officer said that his men had returned the fire, the first time that members of the Arab-peace keeping force had admitted to being in action.

Travelling south soon after dawn there was an air or relaxed cheerfulness among ordinary people and Syrian troops who manned the many checkpoints.

Only at the city of Sidon did the weight of refugees become obvious, cramme dsometimes a dozen or more into ancient Mercedes with bedding spilling over from the roof-rack and a bulging boot tied down with rope. At the local headquarters of the PLO there did not appear to be any particular concern.

South from Sidon, the number of armed Palestinian guerillas by the roadside increased steadily and the first trickle of people fleeing from their homes began.

South Lebanese Arab army units were dug in among the heavily fruited orange and lemon groves that spanned the highway but once the River Litini was crossed, just north of the port of Tyre, there were only Palestinians and their leftist Moslem allies to be seen.

Tyre itself, a certain Israeli target, was tightly shuttered with only a few shops selling medicines or food open for business. Groups of armed men lounged at street corners.

However there was more consternation at the local PLO offices where two shells had just landed across the street. Two children had their legs taken off in the blast and two Palestinian gunmen insisted on showing off the large pools of blood on the fleor of the Toyota Landcruiser used to take them to hospital.

The PLO men thought the fighting was going well and claimed that an Israeli attempt to land marines just south of Tyre during the night had been repulsed. Further explanation was cut short as four more shells came screaming in and everyone raced for cover.

Further progress towards the Israeli border less than 13 kilometres away was thought inadivisable as the weight of shelling increased along the road and Palestinians warned of further air attacks.

Traffic was also becoming steadily more dense as the refugees headed north, some hanging on the roof-racks of already overladen buses, and reinforcements and supplies were rushed by cars with headlights blazing and horns blaring to the south.

Cutting across country to the city of Nabatie, which once had a population of more than 40,000, was to find a ghost city. Only in the city centre did the first groups of guerillas appear. They explained that Israeli aircraft had attacked nearby at about 3 a.m. and little more than an hour later the bulk of the remaining population was on the road.


Civilians wounded in air strike on outskirts of Beirut.

'Rabid aggression'—Tass

BY DAVID SATTER MOSCOW, March 15.

THE SOVIET Union to-day denounced the Israeli invasion of south Lebanon as "rabid aggression" against the Palestinians and said that it was only possible because of American military support and Egyptian political quiescence.

The Soviet news agency Tass reported from Beirut that the Israelis had crossed the Lebanese border and a report from Washington said that the Israeli promise to continue operations "as long as necessary" meant Israeli occupation.

The news agenc ysaid that Israel's "open aggression" was taken with Washington's knowledge and direct support. Tass added that statements by U.S. spokesman that the Israeli campaign will not create a serious problem in the Middle East "only encourage the aggressor."

The policies of Egyptian President Sadat, Tass went on, have alowed the removal of Israeli units from the Sinai to participate in the fighting in the Lebanon. The news agency quoted a Western Press report that the Israeli general staff proceeded from the basis that Egypt has removed itself from the Arab fighting line.

"It is characteristic," Tass said, "that the Egyptian President speaking at a Press conference in Cairo, described the Palestiinans' actions as reckless but kept from any condemnation of the Israeli aggressor."

Raid may end peace talks

By Our Own Correspondent

CAIRO, March 15.

ISRAEL'S MASSIVE military operation against Palestinian guerillas leaves President Anwar Sadat with little option but to freeze his peace talks with Israel. It is hard to see how he can avoid condemning the invasion.

There has been no official statement so far but Mr. Mohammed Ibrahim Kamel, the Egyptian Foreign Minister, admitted that the Israeli attack complicated the situation.

The peace talks have been all but stalled since January, when Egypt walked out of political talks in Jerusalem. Israel had refused to budge on basic Arab demands such as self-determination for the Palestinians and the removal of Jewish settlements from occupied Arab territories.

Mr. Sadat yesterday condemned the Palestinian raid north of Tel Aviv and said it merely pushed the Middle East into a vicious circle of violence. But at the same time, he said it proved again that there had to be a solution to the Palestinian problem.

Yesterday Mr. Kamel talked of the seriousness of any retaliatory action by Israel

Instability of Lebanon may prolong occupation

BY ANTHONY McDERMOTT

LEBANON'S stability was already highly questionable before yesterday's massive attack by Israel across its southern frontier.

The Lebanese cabinet yesterday discussed the attack at its weekly session under President Elias Sarkis. Dr. Selim el-Hoss, the Prime Minister, strongly condemned the Israeli action, calling it unwarranted. Mr. Richard Parker, the U.S. ambassador, was summoned to the presidential palace, while Mr. Fuad Butros, the Foreign Minister had contacts with the ambassadors of the other permanent members of the UN Security Council.

The Lebanese Government is faced by a number of possible serious developments. The first concerns the Palestinians. In Beirut, it was reckoned that the Israeli operation would definitely clip the wings of the Palestine Liberation Organisation (PLO).

However they have faced crises before; when they were driven out of Jordan in 1970-71, and more recently in the 1975-76 Lebanese civil war. The Palestinians still have 13 refugee camps in Lebanon, and access to training bases in Libya and Iraq.

One effect of the Israeli operation might be to drive the Palestinians (and their military deployment) further north—above the Litani River. This in turn might tempt the Israelis to cross this line, which, in theory, would bring them into direct conflict with the Arab peace-keeping force, the bulk of whose 30,000 troops come from Syria. Syria has been clearly reluctant to become involved in a direct clash with Israeli forces.

At the same time, Israel, in the absence of any form of credible national Lebanese security force, will be faced with the question of how to police the cordon sanitaire it wants to establish in south Lebanon along the border. This is likely to mean for some time continuing occupation, with the risk that the remaining Palestinian forces might feel tempted, from beyond the Litani, to provoke further fighting in the South.

If Lebanon was not such a divided country, weakened by its prolonged civil war and now under virtual Syrian control, the options facing Israel (and Lebanon) would be considerably easier, for there would be ultimately a credible Government for the Israelis to hand over control to.

It may not be entirely unwelcome to the Lebanese Government that Israel has for the moment seriously weakened the Palestinians. But it is clear that Israel will have more difficulty in finding the conditions for withdrawal from Lebanon than the motives for invading.

Worried Syrians caught in serious dilemma

BY LOUIS FARES DAMASUC, March 15.

THE Israeli raid poses a major dilemma for Syria which has 30,000 peace-keeping troops in Lebanon.

The Syrians are caught in-between: if the Syrian army moves against the Israelis the situation could flare into a major conflict which is not necessarily compatible with Syrian aims. If Syria does nothing, Damascus fears that Israel may enforce a lengthy occupation of Southern Lebanon and may kill a great many Palestinians.

Officials in the Syrian capital were to-day deeply conscious of the dilemma but admitted that Syria could not stand idly by waiting—as one source put it—"not moving a finger to stop the genicide of Palestinians and the occupation of South Lebanon."

A spokesman to-day strongly condemned the Israeli raid, calling it a "flagrant and barbaric aggression." Officials claim Syria is the main target of the Israeli aggression.

The Syrian Deputy Minister for Foreign Affairs, Nasser Qaddour, called in the ambassadors of U.N. Security Council members and expressed Syria's deep concern "as to the new Israeli aggression on South Lebanon."

The Syrian official asked the ambassadors that their Governments intervene immediately to stop the Israeli aggression and "to adopt decisive measures to provide for the withdrawal of Israeli troops from southern Lebanon."

So far Syria has come out with political and "logistical" support — arms and medical supplies — to the Palestinians who are trying to oppose the Israeli raid on South Lebanon. But it is refraining from any actual military support involving the Syrian army directly in the fighting.

OTHER OVERSEAS NEWS

Gandhi prosecution considered over alleged abuse of power

BY K. K. SHARMA NEW DELHI, March 15.

THE HOME MINISTRY is examining the possibility of prosecuting Mrs. Indira Gandhi, former Prime Minister. In 11 cases she has been accused of "gross misuse of power" by the Shah Commission now examing charges of misrule and corruption during her 19-month emergency rule.

The Shah Commission has submitted a 350-page interim report to the Government which give its findings in 21 cases. Among the 11 in which she was implicated, the most important concerned the decision to clamp emergency rule on India in June, 1975. Mrs. Gandhi is alleged to have violated established constitutional and administrative practices in taking the decision herself without consulting her Cabinet.

The Government is now faced with a difficult decision. Mrs. Gandhi's political comeback means that any action against her is bound to be linked to the threat she poses to the ruling Janata Party.

It is widely believed that one of the reasons for her comeback was to protect herself from prosecution by making a political issue of the charges against her. Any action now is bound to have popular repercussions.

However, Mr. Charan Singh, the Home Minister, has stated that anyone found guilty of violations of the constitution during the emergency would be prosecuted, no matter what the consequences.

In the past, Mr. Charan Singh has had his way on such issues —including ordering the arrest of Mrs. Gandhi last October. But his Ministry's bungling of the arrest and the depth of his personal hostility to Mrs. Gandhi could mean that his recommendation will be treated with caution.

Mrs. Gandhi also demonstrated at the time that she still commands considerable support at popular level even in States and areas directly affected by her emergency rule.

Mr. Singh has not said whether he will go ahead with the prosecution. A decision on this will be taken once the full Shah Commission report has been considered.

The Commission will resume its open sittings on March 24 into other charges. The interim report, which has not yet been published by the Government, was written in the last fortnight during a recess.

The Government also has to take a decision on recommendations that action be taken against a number of officials and former Ministers also found guilty by the Shah Commission to be guilty of misuse of power.

Indian investment move

BY OUR OWN CORRESPONDENT BOMBAY, March 15.

INDIA WILL soon enter the London and Tokyo bond markets to invest its surplus foreign exchange resources in Government-guaranteed securities. The Reserve Bank of India has been putting funds in treasury bills and foreign government bonds.

India's Parliament is to enact legislation in the current budget session permitting the Reserve Bank to seek more remunerative, but safe, overseas investment outlets than those presently available. Eurobonds are not favoured.

Exchange reserves stand at an embarrassingly high level of over $5bn. The increase has been due to growing remittances from the Middle East, where Indian skilled and unskilled labour is in demand, have reached an average Rs.1bn. a month.

For more than a year, the Government has debated the need to diversify the investment avenues for exchange reserves with a section of the Government holding the view that the spurt was temporary and called for no drastic action.

An action plan is now drawn up to put the accumulated reserves to use. In the short run, the objective is to cut the high-cost foreign currency borrowings by Indian banks and term-lending institutions for financing capital goods imports.

Meeting in London on Common Fund soon

By David Housego

COMMONWEALTH Ministers concerned with the negotiations to establish the proposed Common Fund to stabilise commodity prices are expected to meet in London on April 13.

Prospects of an agrement between industrialised and developing nations over setting up the Fund have been increased by the unexpectedly successful conclusion at the week-end of the UNCTAD conference in Geneva on debt relief for the poorest nations. Mr. Gamani Corea, the UNCTAD Secretary General, described the outcome of the debt negotiations as "a very positive contribution" to the North/South dialogue.

A meeting of Commonwealth ministers on the Common Fund had been originally scheduled for earlier this year but was postponed. In the light of the readiness to compromise that emerged at the Geneva gathering on debt it could provide a further stimulus to resume the talks between industrialised and developing nations on the Fund that broke down last November.

As a result of his recent tour of Western and Asian capitals to sound out individual governments on the prospects for setting up the Fund, Mr. Corea says that he believes that the "building blocks" for an agreement are beginning to take shape.

USSR may back Addis Ababa against Eritrean secessionists

MOSCOW, March 15.

THE SOVIET UNION to-day made clear that it saw ideological and political grounds for backing the Ethiopian Government against rebels in its northern province of Eritrea.

A commentary in the Communist Party daily Pravda said Western and Arab support for the secessionists aimed to weaken Ethiopia and deprive it of outlets to the Red Sea. "In these conditions the Eritrean separatists are involved in a game played by other (and are) objectively helping the realisation of imperialist designs," the paper said.

The analysis is the most authoritative to have appeared here on the Eritrean conflict. The rebels have fought a 14-year war in the province and now control most of it outside the largest towns. Eritrea includes Ethiopia's entire coastline with two strategic ports and the country's only oil refinery.

Western diplomats said the Pravda commentary was clearly intended to justify Soviet and Cuban backing for Ethiopian Government forces fighting the guerillas. Military involvement of this kind would be hard to justify if the conflict were a purely internal one, they said.

The commentary, which did not mention Somalia, said Ethiopia's victories in the Ogaden desert had opened up prospect for peace in the Horn of Africa. But Pravda added that imperialist forces—apparently meaning the United States and other NATO countries—were increasingly pinning hopes on the Eritrean guerillas following the failure of what it called the "Ogaden operation."

Eritrean rebels said in Rome to-day that Ethiopian Government forces had launched a major offensive to break out of the besieged provincial capital of Asmara. But a spokesman for the Eritrean Peoples Liberation Front (EPLF) said that rebel units had pushed back Government forces towards the city in fierce fighting that started yesterday. "The majority of the Ethiopian forces were forced to retreat to Asmara," he said.

The Front is one of two major rebel movements fighting for the independence of the northern province of Eritrea. The Ethiopean offensive had been expected following Government successes against Somali forces in the Ogaden.

The spokesman said the Ethiopean troops, who have been under seige in Asmara for several months and have been relying solely on airlifts from Addis Ababa for their survival, opened the offensive south of the city yesterday morning. Their attack was preceded by the bombing of EPLF positions by the Ethiopian Air Force, he said.

Reuter

Somali troop withdrawal from Ogaden completed

BY JOHN WORRALL NAIROBI, March 15.

THE SOMALI Government announced to-day that it had completed the withdrawal of its armed forces from the Ogaden, as of yesterday, and called on the superpowers to "fulfil their promise of seeking to bring about a just and lasting settlement to the issue in the Horn of Africa."

This, the announcement said, could "only be arrived at by granting the people concerned their rights to independence and freedom." The war, started eight months ago by the West Somali Liberation Front and supported by Somali regular troops, was an attempt to liberate the territory, which is mainly inhabited by ethnic Somalis.

The Ethiopian Government says its forces have reached the Somali border in the north and south of the Ogaden and have regained control of the whole territory with one or two exceptions, such as the town of Gode.

The Somalis have not stated how many troops they have withdrawn, but are believed to have had a force of 25,000 to 35,000 there.

Rhodesian groups reject UN decision

By Our Own Correspondent

SALISBURY, March 15.

RHODESIA'S three domestic nationalist groups to-day shrugged off the UN Security Council's condemnation of their internal agreement with Mr. Ian Smith. They said that the pact was a fact of life which countries would eventually have to recognise.

A spokesman for Bishop Muzorewa said that the UN resolution was not a surprise and the agreement did not have to win the approval of the Security Council. A spokesman for Chief Chirau's Zimbabwe United People's Organisation described the resolution as "irrelevant," and a member of the Rev. Sithole's party said that the UN was not the people of Zimbabwe.

All three parties thought it significant that although the Western powers had failed to cast the hoped-for veto, they had abstained. A spokesman for Mr. Sithole thought that this was a step towards recognition as it showed that Britain, the U.S., France, Canada and West Germany had their reservations.

There was no immediate comment from the Rhodesian Government, though a senior source said that the resolution had been anticipated. Salisbury is undoubtedly disappointed at the failure of the West to use its veto.

The United African National Council of Bishop Muzorewa said the three nationalist groups and the Smith Government would quickly form an interim administration to implement the March 3 agreement.

West German electrical industry growth fears

BY GUY HAWTIN

FRANKFURT, March 15.

WEST GERMANY'S mighty electrical industry fears that 1978 will be another year of very slow growth. Furthermore, it is very worried that the upward course of the deutschemark and the decline of the dollar may erode its international competitiveness at the same time as weakening its home base by paving the way for a large increase in the volume of imports.

Dr. Hans Goehringer, chairman of the Central Association of the West German Electro-Technical Industry (ZVEI), pointed out today that the electrical industry last year saw imports rise far more steeply than exports. In 1977 exports, which a year earlier had increased by a massive 21 per cent., went up by only 7.7 per cent. to DM31.56bn. (£8.05bn.). Imports, however, went up by 12 per cent. to DM17.47bn.

But the cash statistics, he said, did not give a truly accurate picture of import growth. The volume expansion had been very much greater but this had been hidden by appreciation in the value of the D-mark.

In 1977, the industry's turnover amounted to DM89.16bn. (£22.74bn.). This was an increase of 7.9 per cent. on the previous year's DM82.85bn. Production, however, rose by a far less impressive 5.4 per cent. to a value of DM77.05bn.

According to Dr. Goehringer, 1978's production growth rate is likely to be even lower. Taking into account the state of the current order book, the rate at which orders were being placed and the official gross national product growth predictions, the industry was hoping for production to expand by about 4 per cent. or so.

Orders stagnated in 1977 when they rose by a mere 0.7 per cent. In real terms they declined for, after adjustments for price increases had been made, volume bookings were down by 1.2 per cent. The low growth rate predicted for 1978 indicated that utilisation of the industry's production capacity would remain relatively low at an average of under 80 per cent.

Domestic demand was expected to remain weak, he said, while in the export markets the electrical industry was likely to suffer from the same unforeseeable consequences of the decline of the dollar as other German exporters.

Exports account for more than 30 per cent. of the industry's turnover—far more than the 22.8 per cent. recorded in 1970. In all, some 50 per cent. of the industry's production is exported. However, West Germany had to reckon on the D-mark being structurally over-valued for some time and it was vital that companies ensured that their international competitiveness was not also hit by increased costs at home.

Wage deals should be strictly linked to improvements in productivity, he said. The rationalisation that this would necessarily entail meant that there would be no increase in the number of jobs in the industry. Indeed, this indicates that the number of jobs the industry provides could well decline further. Its labour force has already fallen from 1,114,000 in 1974 to 966,000 last year.

Schmidt to appeal over strikes

BY ADRIAN DICKS

BONN, March 15.

WITH MOST West Germans to-day deprived of newspapers and magazines by the publishers' national lock-out of printing and production workers, Chancellor Helmut Schmidt was expected to make a broadcast appeal to the two sides in the dispute to make a fresh effort to settle their differences.

Knowledgeable officials here firmly rule out any direct intervention by the Chancellor or any other member of the Cabinet which, though not entirely without precedent, would be contrary to the traditional autonomy of West German industrial relations from Government involvement.

Meanwhile, in the North Wuerttemberg - North Baden region centred around Stuttgart, some 80,000 engineering and metal-fabricating workers went on strike. Daimler-Benz, Porsche and Robert Bosch were among the 60-odd companies affected.

The engineering industry dispute showed no signs to-day of peace moves on either side. On the contrary, both the employers and IG-Metall, the engineering union, are warning of a drawn-out dispute in which supplies of automotive parts and other products to the entire country could be seriously disrupted. The employers' representatives were due to decide this evening whether to respond to the selective strikes with lock-outs, a move that would be hardest on the 40 per cent. of their workers who are not IG-Metall members.

The Federal Government, though naturally deeply concerned at the ramifications of the dispute, argues that normal bargaining and arbitration procedures are not yet exhausted, so that any talk of intervention in the engineering situation is inappropriate at present.

In addition, there would be very little political room for manoeuvre for any federal Minister who did take a direct hand in arranging an engineering pay deal. The two sides have narrowed the range of possible compromise down to 4-5 per cent. It is already likely, therefore, that the final settlement will exceed the levels implied by the Cabinet in its annual economic report only two months ago when it called for the total increase in incomes (rather than wage rates) to be no more than 5.5 per cent. this year.

According to sources close to the Chancellor, there is no chance that Herr Schmidt will try to intervene directly in the printing dispute, despite keen speculation that the leaders of the German union movement might want him to. At a meeting last night with the Chancellor, however, this opportunity was not taken up.

Herr Schmidt is reliably understood to feel that it would be wrong for him to depart in this extremely bitter case from the Government's traditional policy of neutrality in wage disputes. He is, however, giving his support to the suggestion that Herr Josef Stingl, head of the autonomous Federal Labour Office in Nuernberg, should resume his attempt to mediate.

The collapse of an earlier round of talks under Herr Stingl's chairmanship over the week-end was the immediate reason for the lock-out, which the employers say will be maintained so long as the printers' union, IG-Druck, keeps up the "annihilation" strikes against four newspapers with which it hopes to force new talks on the introduction of electronic technology to the industry.

Central banks switch from Swiss francs

BY JOHN WICKS

ZURICH, March 15.

CENTRAL BANKS have started to change funds leaving Switzerland into dollars, according to Dr. Fritz Leutwiler, president of the Swiss National Bank.

This movement is in response to the Swiss decision to introduce a negative interest rate of 10 per cent. a quarter on foreign holdings of Swiss francs in Switzerland, effective from April 1.

In an interview published today by the Zurich weekly Weltwoche, Dr. Leutwiler also said that there were various indications that foreign central bank holdings which would be subject to the negative interest rate were over Sw.Frs.3bn. Earlier, they had been estimated at Sw.Frs.3bn.

Dr. Leutwiler said that if depositors tried to transfer their holdings to the foreign branches of Swiss banks, while retaining them in Swiss francs, this would be stopped.

Funds leaving Swiss accounts could also go to foreign banks in London or Luxembourg. However, said Dr. Leutwiler, the National Bank's ceiling on forward dealings in Swiss francs contributed to limit the volume of Euro-Swiss franc trading.

He also stressed that there would be no foreign exchange control in Switzerland—"even at a rate, which God forbid, of Sw.Frs.1.50 to the dollar."

Speaking before last Monday's joint U.S.-West German measures to support the dollar, Dr. Leutwiler also expressed his belief that the U.S. has changed its fundamental position on the dollar problem and is seeking ways and means to take new steps.

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$100m. Dutch factory

Fluor Nederland in Haarlem, a subsidiary of Fluor, of California, has received a letter of intent for a magnesium oxide plant worth $100m. to be built at Veendam, the Netherlands, for a joint venture between Billiton International Metals and the Northern Development Company, which has a 100 per cent. Dutch state shareholding.

Income-tax up 10% in Portugal

By Jimmy Burns

LISBON, March 15.

TIGHTER CONTROL of public and private spending through increased direct and indirect taxation is the keynote of Portugal's 1978 budget which was approved by the Cabinet late last night, as a first important step towards solving the $1.3bn. balance of payments deficit.

This year's tax increases—10 per cent. on ordinary income tax and estate duties, 15 per cent. on capital gains, 20-30 per cent. in sales tax, and heavier duties on cinema and theatre tickets, and tobacco—are expected to bring in nearly 40 per cent. more tax revenue than last year.

Dr. Victor Constancio, the Minister of Finance and Planning, told a news conference that cuts in public spending would be similar to those proposed by the minority Socialist Government before its defeat on a vote of confidence last December. This will mean that current expenditure will be cut by approximately 20 per cent., and capital expenditure by about 10 per cent.

Stiff budgetary discipline is in line with the dictates of the International Monetary Fund (IMF) for the granting of a $750m. loan. In initial discussions with Portuguese negotiators, IMF officials have already insisted that current outlays be balanced, and that capital spending be reduced. Portugal would also have to reduce her growth rate to 3 per cent. (in 1977 it was 6 per cent.).

The overall intention in the budget is to cut inflation (currently 27 per cent.) to 20 per cent., and reduce the balance of payments deficit to $800m.

French parties trade final blows in general election campaign

BY DAVID CURRY

PARIS, March 15.

THE FRENCH general election campaign has entered its final sprint since second round nominations closed last night. The Left is preaching the recovery of "the dynamic of unity" following the patching-up of the Socialist-Communist quarrel. Government leaders are hammering away at the theme that a Left-wing victory will bring a Communist dominated regime.

The battle is raging over the section of the Left-wing agreement saying that ministries would be distributed according to "the popular will" and with equal "rights and duties for each partner."

M. Raymond Barre, the Prime Minister, fired the opening shots by deducing that a Left-wing victory would lead to almost as many Communist Ministers as Socialist ones (since the Communists polled almost as many first round votes as their partners), to Communist eligibility for sensitive portfolios like defence and foreign affairs, and Communist surveillance of Socialist Ministers using the device of Cabinet "solidarity."

The Government is hoping that by brandishing the threat of a Communist dominated administration, they will frighten Socialist voters away from backing a Communist candidate in the second round where there is no candidate of their own. If the Left fails to put its vote together it is certain to be defeated.

In the face of this attack, echoed by all Government leaders, the Socialists have tried to dispel the idea that they have conceded to the Communists without appearing to define the disputed clause in such a way as to provoke a new quarrel with the Communists.

M. Francois Mitterrand, the Socialist leader, has managed this by saying that jobs will be decided on the basis of both popular vote and numbers of seats in Parliament. Since the Socialists will comfortably outdistance their partners in this latter respect it implies that the Communists may have to settle for closer to a third of the jobs.

The Left's own offensive has tried to encourage the feeling that an irresistible bandwagon is now rolling in its favour and that only the smear tactics of the "Giscardian coalition" stands between the French and their desire for "real change."

Sunday's battle will be decided in 80 or so of the 423 seats being contested where a shift of about 1,000 votes will cause the constituency to change hands. In 408 seats there will be a straight Government versus opposition fight.

The Gaullists are carrying the flag of "the cause of liberty" in 217 seats, and since these are proportionately the safer ones they are certain to stay well ahead of their partners in National Assembly seats. Their centrist allies and "presidential" candidates take on the opposition in 182 contests.

The socialists are leading the Left's assault in 241 seats and the Communists in 143—including all the seats in no fewer than 11 departments.

The French Bourse, which on Tuesday consolidated Monday's exceptional 9 per cent. gain in shares, yesterday again moved sharply upwards, writes David Curry. It ended the day 3.5 per cent. higher, more than compensating for the marginal 0.8 per cent. decline of yesterday. The titles prominent in Monday's rise again figured in yesterday's performance. Matra moved up a further Frs.145 to Frs.1,550, Paribus advanced Frs.11.10 to Frs.176.10 and other strong performers in the financial sector were Cie Bancaire and UCB.

Shcharansky rejects appointed lawyer

BY DAVID SATTER

MOSCOW, March 15.

WITH HIS trial on treason charges believed to be imminent, Mr. Anatoly Shcharansky, the imprisoned Jewis hdissident, has rejected the lawyer appointed for him by Soviet authorities, and requested that he be represnted by someone chosen by his family.

Mrs. Sophia Kalistratova, a member of the dissident group which has sought to monitor Soviet observance of the Helsinki Agreement, said she learned of a Mr. Shcharansky's views from sources at the Moscow college of lawyers.

Mr. Shcharansky a 30-year-old computer expert and former spokesman for the dissidents group has been refused permission to see his family or friends since his arrest exactly one year ago to-day.

Mrs. Ida Shcharansky, his mother, said to-day that she believed her son would be tried without genuine legal representation. Mrs. Sylvia Dubrovskaya, an experienced trial lawyer and a Jew, has been named by the Soviet authorities to represent Mr. Shcharansky, but the family had approached dozens of other lawyers and all had declined. Mr. Roland Rappoport, a French lawyer, offered to take the case but was not given a Soviet entry visa.

Mr. Shcharansky has been publicly defended by President Jimmy Carter who denied he was ever a CIA agent. The case, however, took a new turn with the reported disclosure in Washington earlier this month that the CIA had briefly engaged Dr. Sanya Lipavsky, who at one time rented a room with Mr. Shcharansky and has emerged as his principal accuser.

Italian pensions deficit forecast

By Dominick J. Coyle

ROME, March 15

ITALY'S ARCHAIC state pension system is likely to show an operating deficit of £10bn. in 1981, according to an analysis by ISPE, the Istituto Studi per la Programmazione Economica. Such a shortfall would exceed easily the entire public sector deficit planned for last year.

On the basis of these figures, the cost of pension payments is running at just under 11 per cent. of gross domestic product. Pension recipients total 13.5m. in a country with an estimated labour force of about 20m.

In parts of Italy, and particularly in the depressed South, disability pensions are paid regularly as a kind of indirect social welfare system: it is not unusual for one recipient to be receiving two or three separate pensions.

Parliament has recently approved limitations to the automatic indexation of pensions at the highest level. But for the moment anyway, the principle of indexation is being maintained for all other pensions although it is unlikely that this method can be retained into the 1980s.

ISPE, although a private research "think-tank," does much of its work for state agencies, and its latest examination is understood to be on behalf of the Budget Ministry. Its conclusions regarding the mounting deficit are know to reflect in general terms a similar study undertaken by the Bank of Italy.

A number of recommendations are included in the ISPE report, including raising the pensionable age from 55 to 60, revising (presumably downwards) the much more favourable pension rights enjoyed by employees in the public sector, altering the indexation system away from cost-of-living rises and gearing it instead to increases in GNP, and raising pension contributions sharply for a number of heavily subsidised categories

AMERICAN NEWS

Carter tries hard to woo Senate on Panama treaty

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, March 15.

ON ONE issue at least, it is quite like the old days in Washington this week. Rarely have the roads between the White House and Capitol Hill been so jammed with Administration officials and senators wheeling, dealing, cajoling, and arm twisting.

The reason is simple: tomorrow afternoon the Senate votes on the first of the Panama Canal treaties, the one covering the neutrality of the canal after it passes to Panamanian control in the year 2000. Ratification of the treaties by a two-thirds vote of the Senate is crucial to President Carter in countless ways.

The outcome remains a toss-up. Yesterday, five of the uncommitted senators broke their silences with, three saying they were for and two against. Senator Jesse Helms, the arch-conservative from North Carolina, glumly announced that the opposition only had 31 sure votes, not enough to block the treaty's passage. But many independent headcounts still show the Administration a critical vote or two short of its goal, with the number on the fence dwindling by the hour.

The events of the past week have prompted one of the more respected moderate Republicans, Senator Robert Packwood, from Oregon, to say on the Senate floor that he was appalled by the dealing that was going on, which was most unbecoming of the Presidency.

Senator Packwood, who accompanied his outburst with the announcement that he was contemplating changing his mind about supporting the treaty, seemed to have conveniently forgotten that perhaps the main Congressional criticism of President Carter was his inability to "deal" with the Congress in the accustomed manner.

Whatever the propriety, it seems that the Administration has worked some persuasion well. It hinted at dropping its opposition to the $2.3bn. Emergency Farm Aid Bill and picked up support for the treaties from Senator Talmadge of Georgia who was previously non-committal.

It also agreed to release $250m. worth of copper from the Federal stockpile in the hope of seducing Senator Deconcini, from Arizona—a copper-producing State. The Senator muttered that this was not enough and this morning was closeted with President Carter in the White House. He claimed his interest was for additional security guarantees in the treaty.

Not everything has gone so well. Senator Richard Schweiker, the Pennsylvania Republican, has come out against. Senator Schweiker used to be known as a progressive Republican until he accepted Ronald Reagan's invitation to run with the conservative Californian in 1976. That experience seems to have changed the Senator.

Another surprising moderate Republican to hold back is Senator Edward Brooke from Massachusetts, the Senate's only black member. He, too, has been ardently wooed by the White House, but without success. His office said the Administration has made what was described as "a crude offer" to Senator Brooke last week but declined to say what it was.

The arch-congressional dealer, Senator Russell Long of Louisiana, was due to address the Senate later to-day. In typical manner he alluded this morning to an "understanding" with the President which he thought could determine his vote.

There is even the possibility that the Senate might not in the end vote on the neutrality treaty to-morrow. Senator Allen of Alabama, its leading opponent, hinted at disrupting the Senate's timetable.

Coal contract faces first test

BY STEWART FLEMING

NEW YORK, March 15.

THE TENTATIVE settlement of the longest national coal strike in U.S. history faces its first test this afternoon when the 39-member Bargaining Council of the United Mine Workers' (UMW) union meets to consider the proposed agreement.

It was announced yesterday and the Bargaining Council has to approve it before it can be put to the 160,000 rank-and-file miners for approval. That process could take a week to ten days and it could be a further week after that before coal production resumes.

The Council has previously rejected two tentative settlements reached on February 6 and February 24, and the rank-and-file rejected a third version by a 2-1 majority 11 days ago.

The concessions which the coal companies have now made to the miners, who produce about half the coal mined in the U.S., are widely expected to win the support of the Bargaining Council. Mr. Arnold Miller, the union President, has predicted a favourable vote. Union officials are not prepared to predict confidently which way the membership will vote, however, although there is agreement that the new terms stand a much better chance of ratification by the miners than did the previous offer.

The new contract proposal is estimated to offer the miners a 39 per cent. increase in wages and benefits—compared with the 37 per cent. rise over the life of the three-year contract of the earlier offer. The wage element remains at a 31 per cent. rise.

In addition, the main stumbling blocks in the previous proposal have been modified. Miners would only have to pay a maximum of $200 a year for medical care, instead of the $700 a year under the previous proposal. After that, health care would be free. On the other hand, the welfare funds run by the union would be dismantled, if the contract goes through. Instead, the companies will run the benefit schemes, a change which rank and file miners would not welcome.

The other major sticking point—the wide margin between pension payments for miners who retired before 1976 and those who retired later—has been narrowed but the gap is still wide—$275 a month against more than $450 a month.

For the miners, however, perhaps the most significant victory is the withdrawal of clauses which would have given employers new disciplinary powers to curb unofficial strikes and absenteeism. The single most important concession which the union has made—acceptance of productivity agreements—is also well hedged in the union's favour because majority support in each union local would be required before such an agreement could go into effect.

Assuming that the new contract does clear the Bargaining Council this afternoon, and is approved by the rank and file, it will avoid the threat to the economy of between one and three million people unemployed, which senior Administration officials have been predicting for next month because of power shortages. Also, it will avoid the serious political problems which President Carter would then face in trying to enforce the court injunction which he secured last week to order miners back to work—an injunction which the miners are ignoring so far.

While a settlement would have obvious beneficial effects on the economy in the short run, there is concern about the inflationary implications of the proposed contract. It leaves unanswered the question of how to improve labour relations in the coal mines in order to try to meet the objective in the Administration's energy policy of doubling coal output in the next seven years. The danger is that the three-month strike will have embittered union-management relations further, increased tensions and reinforced existing prejudices and misunderstandings.

NY death penalty clash likely

BY JOHN WYLES

NEW YORK, March 15.

A DIRECT confrontation between Governor Hugh Carey and the New York state legislature is looming over the issue of restoring capital punishment.

The existing New York statute providing the death penalty for a narrow category of murders, including the murder of policemen and prison officers, was declared unconstitutional by the state court of appeals last November. Since then, support has been growing in the legislature for a broader law and, yesterday, the state's Senate voted by 39 to 18 in favour of capital punishment legislation.

While the Senate is under Republican control, the legislation is expected to receive just as much support in the state Assembly where the Democrats have a majority. This will pit the legislature against Mr. Carey, a Democrat running for re-election this year, who is opposed to the death penalty and who has proposed a Bill imposing life imprisonment without parole for all those convicted of intentional murder.

In view of the likelihood of the death penalty Bill passing through the legislature, attention is now focusing on whether support by two-thirds of the members in each chamber can be mustered to over-ride an expected use by Mr Carter of the veto. The Senate vote yesterday was only one short of giving support by two-thirds.

As in many other democratic systems elsewhere in the world, there has traditionally been a large number of legislators in New York prepared to withstand pressure from the death penalty from their constituents. However, pressure from electors now seems to have become irresistible for many of the state legislators, while one or two politically ambitious Republicans, bent on challenging Governor Carey in November, have espoused the death penalty as an appropriate punishment for murder, while acknowledging its shortcomings as a deterrent.

Debt ceiling to stay at $752bn.

Stymied in its attempt to raise the U.S. Federal debt ceiling, the House Ways and Means Committee has voted to maintain it at its present level until July 31, AP-DJ reports from Washington.

Currently at $752bn., the debt ceiling is due to revert to its "permanent" level of $400bn. on April 1. The amount of debt outstanding at the end of February was $730.9bn. so failure to maintain at least the "temporary" $752bn. level would force the treasury to liquidate old debt and prevent it from incurring new debt.

In an election-year protest against deficit spending the House last week rejected a Ways and Means proposal to raise the ceiling $72bn. until March 1.

Car sales down

New car sales by the four main U.S. motor manufacturers were down more than 13 per cent. in early March, continuing a trend begun last November, the companies reported, Reuter reports from Detroit. All four car makers—Ford, General Motors, Chrysler and American Motors—suffered sales declines in the March 1-10 period, with the industry leader, General Motors, reporting results down by 17.2 per cent. from the same period last year.

U.S. COMPANY NEWS

Court fight likely over navy ships: Texaco expects sales recovery: A T and T profits rise — Page 26

Fed chairman says climate right for economic growth

WASHINGTON, March 15.

THE FEDERAL Reserve Board Chairman Mr. G. William Miller, has said that the Board feels that financial conditions will support continued economic expansion.

In testimony before the Senate Budget Committee he said that, although banks and other lenders may be becoming more cautious in their lending policies, credit supplies still appear to be ample. Indicators of the financial condition of key non-financial sectors, such as household debt burdens, remain generally strong.

Mr. Miller also said that corporate balance sheets and State and local government budgets appear healthy.

In testimony to the Senate Committee, Mr. Miller said that the Federal Reserve feels that continued expansion in gross national product at a moderate rate and further reductions in unemployment appear likely.

But, he said, "it is difficult to be optimistic about progress in curbing inflationary pressures."

He said the inflationary problems stemmed from wage increases, which continued to outstrip gains in productivity, with unit labour costs rising by almost 6 per cent. a year.

Reuter

55 die in Buenos Aires jail riot

BUENOS AIRES, Marche 15.

FIFTY-FIVE prisoners were killed and 73 injured in a riot at the maximum security Villa Devoto jail near hear yesterday, prison authorities announced today. They said that five guards were also injured when trying to douse flames during the rioting.

Troops and police, backed by helicopter gunships, stormed the jail to quell the rioting. People living in the area said that they heard shots and bursts of machine-gun fire. But the official communique issued by prison authorities to-day made no mention of any prisoner being killed or wounded by gunfire.

It stated that the dead and injured were mong 161 common criminals who set fire to mattresses and blankets at the entrance of their cell block.

Villa Devoto, in the northwest suburbs, is a main remand prison for criminals and a detention centre for women political prisoners held without trial. The communique stressed that the riot involved none of the political prisoners.

One woman, who was visiting the prison yesterday, said that, as soon as the rioting broke out, "the police hustled all the visitors out of the prison . . . heavy firing, which sounded like machine-guns, continued for at least an hour."

Reuter

PERU'S DEBTS

The IMF refuses to ease the burden

By Nicholas Asheshov in Lima

PERU'S MILITARY Government is this week facing the worst financial crisis in its nine years in power. Changes in the financial team which has been managing the country's finances during the past seven months—all of them direct appointees and proteges of President Francisco Morales Bermudez—are regarded as certain by Lima's banking community. The main people involved would be Sr. German de la Melena, President of the Central Bank, and General Alcibiades Saenz, the Finance Minister.

The immediate cause of the crisis was the International Monetary Fund (IMF) refusal last week to authorise a second draw-down of loan funds under a stand-by agreement signed only four months ago. The IMF says, according to New York bankers, that Peru has failed to meet virtually all of the targets of the stabilisation programme agreed to under the stand-by arrangement. The Fund's assessment of the Government's financial efforts has had an immediate effect on the international banking community which was in the process of arranging a $260m. loan to prop up Peru's debt payments this year.

A meeting of the steering committee in New York which was putting the loan together concluded last week that the loan could not proceed following the Fund's decision. The committee has in effect been disbanded.

The two decisions are sure to have a traumatic effect on Peruvian financial—and perhaps political—affairs.

For a start a further devaluation of the sol is certain to take place. A floating exchange system was started up last October and in two months the sol had fallen in value against the dollar by 75 per cent. Under an unofficial agreement between the banks, who wanted to protect their clients, and the Government—which was pained by the loss of prestige involved in a fast-falling currency—the rate has been kept stable at 130 soles to the dollar. Bankers say they expect the sol now to float to at least 150 to the dollar by early April.

Since the Central Bank has no reserves to back a position, and since the demand for dollars is way above the supply, there is in theory, bankers here say, no reason for the sol not to fall indefinitely. The devaluation has already increased the sol indebtedness of companies here and bankers say that many companies may be unable to meet their dollar obligations.

The weakness of the currency seemed to be a reflection of the judgment of the business sector of the Government's ability to handle what is certainly the gravest financial situation in Peru since the 1930s.

The decision of the Fund to deny Peru a second draw-down under the stand-by agreement was almost entirely unexpected both by the Government and by most independent bankers here.

The general feeling was that the Fund would certainly force a stricter adhesion by the Government to the stabilisation programme — more cuts in Government spending, a further devaluation, an increase in the price of petrol and heavier taxes.

And although most people in the financial world were well aware that Peru would not meet the Fund's targets, the prevailing view was that the IMF would skate over the deficiencies because Peru was showing movement in the right general direction.

But in practice the Fund apparently felt that the programme was so far off target that it could not paper over the cracks.

Equally it was thought that the banks putting the $260m. loan together would not be able to openly and consciously pull the plug on a country which owes them so much money.

The loan was requested by the Peruvians in February and one of the basic conditions of it was that it would be tied formally or informally, to the IMF stabilisation programme.

The Peruvians had already arranged with the Russians to rollover all this year's $80m. worth of maturities due on an arms purchase loan.

Additionally Peru aimed to call a Paris Club meeting and reschedule up to $170m. of the maturities falling due in the category of Government-guaranteed debts—those which are covered by the Export Credit Guarantee Department (ECGD) and its counterparts in other industrialised countries.

Peru's total debt repayments this year, including interest, equal almost exactly $1bn. and the hope was that approximately half this, including the $80m. owed to the Russians would be either rolled over or covered by the balance of payments loan.

It is not clear what the Government's options are. The most likely is that it will try to negotiate a new deal with the Fund, with new targets. But this is an operation which would take at least three months to achieve before a further drawdown could be made. In the meantime the big international banks have effectively declared that they will not make further loan funds available until IMF and Peru are seen to be together.

Clearly the whole affair casts a big cloud over the standing of President Morales Bermudez, who was Finance Minister for five years in the early 70s and late 60s. Bankers think that he will have to put into effect an even fiercer austerity programme than at present and this may bring a strong reaction by the trades unions.

WORLD TRADE NEWS

Congress overrules Carter on fasteners duty rise

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, March 15.

A CONGRESSIONAL SUB COMMITTEE voted to-day to override President Carter's decision not to impose sharply increased import duties on foreign industrial fasteners (nuts, screws and bolts) sold in this country.

Although by no means conclusive, to-day's ruling is believed to represent the first time in 20 years that a Congressional body has voted to overrule the President on a trade issue of this nature. It is also a potent reminder of the protectionist forces in the Congress, which the Administration has until now worked to control.

To-day's vote, by 7 to 6, was taken by the trade sub-committee of the House Ways and Means Committee. Its chairman, Congressman Charles Vanik, a Democrat from Ohio, once had the reputation of being a leading liberal free-trader: in the past couple of years, confronted with the reality of high unemployment in his heavily industrial constituency, Mr. Vanik has become one of the leading advocates of controls on foreign imports.

He said to-day that "a vote to override will be a signal to our trading partners that our system of trade surveillance is working." He discounted foreign retaliation.

On February 14, President Carter decided against a recommendation by the International Trade Commission (ITC) that the U.S. impose 30 per cent. duties on foreign nuts, screws and bolts. The ITC had found that foreign competition mainly Japanese, had captured about 44 per cent. of the U.S. market, and was injuring domestic industry. The U.S. imported foreign industrial fasteners worth more than $250m. last year.

Mr. Carter, rejecting the ITC finding, said the imposition of such duties, as low as 0.1 cents a pound, would invite retaliation by America's trading partners and impede progress in the international trade talks in Geneva.

Under the law, both Houses of Congress must act within 90 days from the presidential statement if his decision is to be overturned and that of the ITC reinstated.

Mr. Vanik's sub-committee is the first step in the Congressional process: the matter will now have to go to the full Ways and Means Committee and pass there before being considered by the full House. A similar process must take place in the Senate.

Mr. Robert Strauss, the Special Trade Representative, has spoken recently of the dangers that Congress would override the President on fasteners. In fact Mr. Strauss would have preferred some sort of compromise, perhaps along the lines of that which he negotiated for the shoe industry, providing a degree of assistance to the domestic industry, and thus assuaging Congressional fears. This time his advice was ignored by President Carter.

To-day's vote was not entirely unexpected, particularly since it is Mr. Vanik's sub-committee. The closeness of the outcome, however, suggests that the full Ways and Means Committee may not go along. Even so, it is clear that the Administration, and Mr. Strauss in particular, have some hard lobbying to do to prevent the worst from happening.

John Wyles writes from New York: Ford's aerospace unit is to share in a $300m. contract to supply a telephone distribution system to Iran. The other partners are Henkels and McCoy Inc., of Blue Bell, Pennsylvania.

Austria to reduce transit tax

By David Buchan

BRUSSELS, March 15.

THE AUSTRIAN Government has agreed to scale down the transit tax that it plans to impose from July 1 on international lorries going through Austria, EEC officials said, following pressure from the Brussels Commission.

The Austrians had originally proposed the tax, which would affect substantial intra-EEC traffic between West Germany and Italy as well as routes to the Middle East and the Mediterranean, should be set at one Austrian schilling per tonne/kilometre.

The European hauliers reckoned this would double their transit costs through Austria. Now the Vienna government has agreed to lower it to 25 groschen, a reduction of 75 per cent., and let empty lorries through the country free.

To answer the EEC complaint that the planned tax was discriminatory, the Austrian Government has also said that the total amount paid by foreign hauliers will not exceed that already paid by their Austrian counterparts.

While welcoming the Austrian concessions, the EEC Commission has nevertheless proposed that the Austrians make the tax temporary, and that it be eventually replaced by the same sort of road tax, related to environmental damage, that the Commission is also proposing for Common Market countries.

EEC ends Italy iron dispute

By David Buchan

BRUSSELS, March 15.

THE EEC Commission to-day disclosed an agreement made in Milan last week between northern Italian steel producers, the so-called "Bresciani" grouping, and other steel makers, giving the Brescia region producers more of the French and West German markets in order to put a stop to their illegal undercutting of EEC minimum prices.

The Commission, although not officially associated with the agreement, is happy to see any measure that secures the obedience of the Bresciani producers to its steel crisis plan.

In the new agreement, the French producers have agreed to take each month 20,000 tonnes, the West Germans 28,000 tonnes and the Belgians a marginal 2,000 tonnes in steel reinforcing bars from the Bresciani.

That is a reduction from the present Bresciani export level, even though the Italian producers last autumn nominally agreed to keep their exports to other EEC countries down to a total of 44,000 tonnes a month.

The hope is that with a larger assured market, the Bresciani will no longer be tempted to undercut by as much as 35 per cent. the minimum prices of £130-134.50 a tonne for reinforcing bars.

The Commission says that in some 40 cases, largely concerning Italian producers, it is still examining legal sanctions and fines for past infractions of minimum prices. But as one EEC official put it to-day, the Commission "does not seem to have the spine" to act against the northern Italian producers.

Swedish mills in danger

BY WILLIAM DULLFORCE

STOCKHOLM, March 15.

ONE SWEDISH pulp mill after another will have to close down unless the Government quickly finds ways of compensating manufacturers for losses from the fall in the U.S. and Canadian dollars, according to Mr. Gunnar Hedlund, chairman of the north Swedish forest owners' company NCB.

All Sweden's pulp mills are running at a loss, Mr. Hedlund told the Stockholm daily Dagens Nyheter. Forest product companies still showing a profit relied on income from power plants and large forest holdings, but falling pulpwood prices and higher labour costs would cause trouble even to companies owning large forests.

The Kr.900m. ($195m.) support scheme announced by the Government last month in credit guarantees and loans was not enough, Mr. Hedlund said. Swedish companies would have to pay about 13 per cent. on loans compared with 8 or 9 per cent. for American and Canadian manufacturers. Moreover, companies could not borrow money to finance operations that generated losses even in the most modern mills.

Dollar prices for market pulp were unreasonably low. The U.S. dollar had declined by 4 per cent. over a very brief period while the Canadian dollar had dropped 11 per cent. against the U.S. dollar in recent years.

A small price increase might be possible this year but would not help much.

Gas agreement concluded

BY OUR OWN CORRESPONDENT

STOCKHOLM, March 15.

SWEDEN HAS concluded a preliminary agreement with the West German Ruhrgas concern for the import of 1.2bn. cubic metres of natural gas a year and is negotiating with Algeria for the delivery of 2bn. cubic metres a year in liquefied form, Mr. Claes Lindgren, director of Swedegas reported yesterday.

There have also been talks about the possibility of importing Soviet gas by pipeline through Czechoslovakia and West Germany.

Implementation of these plans depends, however, on a decision from the Swedish Government to finance a gas network in south and west Sweden and on a decision from the Danish Government to build a pipeline from the German border to Copenhagen.

The import of gas is seen in Sweden as an alternative to nuclear power and also as reducing the country's heavy dependence on imported oil. The search for gas supplies has been stimulated by the desire of Mr. Thorbjoern Faelldin, the Prime Minister, and his Centre Party to halt Sweden's nuclear power programme.

Mr. Lindgren said that at current prices the cost of imported gas would be 12 per cent. higher than that of oil in south and west Sweden.

● L. M. Ericsson, the Swedish telephone equipment manufacturer, has received an order from Panama valued at about $5m. The orders cover the delivery of three computer controlled exchanges: one system of the AXE type for local traffic, combined national and international AXB 20 telex exchange and one transit exchange for interntional telephone traffic of the crossbar type with computer control.

S. Korea hits at Britain over TV

By Our Foreign Staff

SOUTH KOREA has complained to the Council of the General Agreement on Tariffs and Trade (GATT) in Geneva that Britain had acted unfairly in imposing selective quotas on black and white television set imports from S. Korea.

South Korean ambassador Shin Yong Lho said that under GATT regulations such trade restrictions should be applied against all suppliers, and not discriminate against one country alone.

The British view is that the quotas imposed last July under GATT Article 19 on portable black-and-white television imports from S. Korea were not discriminatory since it had earlier imposed quotas on imports from Taiwan and E. Europe and had reached restraint agreements on an industry-to-industry basis with Japan and Singapore, the other main suppliers.

The South Korean complaint comes at a time when interpretation of Article 19—the GATT safeguards clause—is being discussed as part of the Tokyo Round of trade negotiations.

Chinese trade boom forecast

TOKYO, March 15.

CHINA'S trade with the outside world is on the increase and is expected to reach record heights this year, according to a survey by the semi-official Japan External Trade Organisation (JETRO).

Last year its trade was 7.8 per cent. more than in 1976, and is expected to reach $16bn. this year, JETRO said. Last year's figure of $14.29bn. was the second largest total since the $14.5bn. in 1975, the survey said.

Yarn shipment curb

TOKYO, March 15

JAPAN WILL keep exports of two-poly natural acrylic yarn to the United States this year at the level of last year, the Ministry of International Trade and Industry said. The measure is among self-restraints requested by the U.S.

AP-DJ

Greece and Bulgaria agree over trade

By Our Own Correspondent

ATHENS, March 15.

GREECE AND Bulgaria will exchange products worth $170m. during 1978 under a new protocol signed here to-day.

It will double trade exchanges between the two countries from last year, when Greek exports to Bulgaria totalled $40m. (up from $26m. in 1976) and imports from that country fell $2m. to $46m.

'Coke' for Moscow Games

MOSCOW, March 14.

THE COCA-COLA company signed agreements with the Soviet Union to-day making it the sole official supplier of soft drinks at the 1980 Moscow Olympic Games.

Coca-Cola said it would deliver soft drink concentrates and bottling equipment to Soviet State import organisations. A range of Coca-Cola products will be made and distributed by the Soviet Food Ministry and Moscow City Council. After the Games, the company's orange drink will continue to be sold in the Soviet Union.

Coca-Cola's main rival, Pepsi-Cola, has a long-standing agreement under which its product is bottled and sold in the Soviet Union in return for Russian vodka delivered to the U.S.

Reuter

Swiss offer cheaper loans

By John Wicks

ZURICH, March 15

SWITZERLAND has offered four loans to South-East Asian countries at interest rates lower than those obtainable from the World Bank or the Asian Development Bank.

The rates, which Government Delegate for Trade Agreement, Professor Klaus Jacobi, said in Zurich to-day were "unrivalled," are of 4.625 per cent. for five-year credits and 5 per cent. on 10- to 12-year loans.

Professor Jacobi has just returned with a Swiss goodwill delegation from Malaysia and Thailand. Those Governments have been offered loans of Sw.Frs.51m. each to buy Swiss capital goods and services.

The loans would be made available by a banking consortium, wholly in the case of Malaysia, Indonesia and the Philippines.

Big Islamic Bank plan

BY WONG SULONG

KUALA LUMPUR, March 15.

THE ISLAMIC Development Bank's second annual meeting opened in Kuala Lumpur to-day with a call by the Malaysian Prime Minister, Datuk Hussein Onn, for the bank to formulate an ambitious ten-year economic plan for its members.

The Malaysian Premier criticised the main Western powers for their failure to lead the world back to economic recovery.

He said they were still trying to solve the world's economic woes by short-sighted, narrow solutions based on each of their own national interests.

The present state of affairs showed that industrialised countries had failed to get to grips with the problems and that a new international economic order was needed.

Datuk Hussein added that if industrialised countries continued to ignore their global responsibilities, there might be increasing resentment, conflict and confrontation between them and the developing world.

Against this background, Islamic countries must consider ways to help themselves and in that the Islamic Bank could play its role by formulating a ten-year plan for its members in the 1980s.

Finance ministers and Governors of central banks from 34 countries, including those from the oil-rich Middle East, are attending the four-day meeting.

The meeting is expected to consider setting up funds for export financing for member countries and to assist Muslim minorities in non-Muslim countries.

Another item calls for the opening of regional offices in Cairo and Kuala Lumpur to speed up appraisals and approvals of projects submitted by members.

Malaysian visit to Soviet Union

By Our Own Correspondent

KUALA LUMPUR, March 15

MALAYSIA is to send a trade mission to the Soviet Union later this year in an apparent effort to appease the Russians who are becoming increasingly irritated by their failure to establish a diplomatic and economic foothold in the country.

The decision to send a trade team followed a meeting here yesterday between the Soviet Deputy Foreign Minister, Mr. Nikolai Firyubin, and the Malaysian Foreign Minister, Mr. Tengku Rithauddeen.

Mr. Firyubin, who is on his third visit to Malaysia in recent years, made it plain that the Soviet Union was unhappy because Malaysia had made no effort to narrow the trade imbalance.

The Soviet Union was one of Malaysia's top ten buyers last year with imports of nearly 300m ringgits (£68m.).

Australian fears on Japan's steel cuts

BY DOUGLAS RAMSEY

TOKYO, March 15.

AUSTRALIA supports Japan in its attempts to forestall European and American protectionism, but Australia will nevertheless insist on "special preferred treatment" from Japan if declining steel and other exports trigger a reduction in Japanese imports of iron ore and coal.

The warning of a possible rift between the two Asian countries was delivered to-day by Mr. Doug Anthony, Australia's Deputy Prime Minister, at a joint meeting of the Keidanren business federation and the Japan Chamber of Commerce and Industry.

Mr. Anthony also urged Japan to invest in Australia, supply a clear picture of Japan's future energy needs and, in the short term, to enlarge Japan's quota on incoming beef by gradual steps to 130,000 tonnes a year by 1980.

"Measures by the United States and the EEC to restrict your trade are of concern to us," Mr. Anthony told the joint meeting. "Restraints against your exports of steel, cars, electronics and textiles all reflect back on the suppliers of your raw materials."

In his speech, Mr. Anthony, who is concurrently Australia's Trade and Commerce Minister, talked bluntly about "a most serious difficulty" between the two countries, citing Japan's plan to reduce its purchases of iron ore and coal in response to reduced demand abroad for Japanese steel and steel-based products.

Industry sources in Tokyo said that Japanese steelmakers would like to reduce their purchases this year by between 15 per cent. and 25 per cent. and perhaps more.

Australia accounts for almost 50 per cent. of Japan's iron ore imports and over 40 per cent. of its coal requirements, according to the Deputy Prime Minister who is on a nine-day visit to Japan.

"Some 80 per cent. of our iron ore and coal are shipped to Japan each year," he said, adding that "our iron ore and coal companies have invested between $3bn. and $4bn. on the basis of what were regarded to be firm long-term contractual arrangements."

Mr. Anthony went on to say that Australian investment was largely in response to Japanese steel mills' forecast of possible steel production by 1980 of between 140m. and 150m. tonnes. Now, he added, "your levels of demand bear no relation to your expectations of two years ago."

Without specifying what sort of agreement he would like to see between Japanese mills and Australian suppliers, Mr. Anthony repeated a request for "special" treatment.

According to Press reports, Mr. Anthony was given vague assurances by the Japanese mills yesterday that recession-induced cuts in imports of iron and coking coal would be smaller in the case of Australia than on imports from other suppliers.

U.S. landing system useless, says Britain

BY LYNTON McLAIN, INDUSTRIAL STAFF

THE ROW between U.S. and U.K. air authorities over which landing system to adopt in the 1980s resumed yesterday with Britain's Civil Aviation Authority claiming that the U.S. proposal was nothing more than a "theoretical system, of no practical use."

A decision on which system the world airports will buy will be taken by the International Civil Aviation Organisation in Montreal between April 4 and 21. Orders worth hundreds of millions of pounds are at stake, with Plessey, the Civil Aviation Authority, and the Ministry of Defence involved in Britain.

Mr. Tom McWiggan, director-general of telecommunications for the authority, claimed yesterday that Britain was well ahead in the race to perfect a new landing guidance system. He severely criticised U.S. proposals as virtually untried.

'Failed'

"The U.S. has failed to demonstrate to the world that it has a safe, economic system. Instead, all it can offer is a theoretical system based on a cost-no-object exercise." A U.S. system to meet international requirements did not actually exist.

Civil Aviation Authority officials said the U.S. system had cost $110m. to develop, compared with the $10m. that Britain, mainly Plessey, had spent developing the working doppler microwave landing system.

This has been tested at seven airports, including Berne, Switzerland, where the mountains prevent the use of existing instrument landing systems. Before the advent of the U.K. system, pilots had to land without aids.

Mr. McWiggan said the U.S. Federal Aviation Authority and Bendix, the main contractor for the rival time reference scanning beam system, had been working for five years, yet had no equipment that would meet all the international requirements. These included performance, reliability, integrity, monitoring and cost.

A vital element of the U.S. proposals was the Compact antenna. Yet it was not being made available for testing in the U.S./U.K. comparative trials programme.

"It should be withdrawn from the U.S. system proposal." There had been only 60 minutes of flight trials before these were abandoned, British officials said.

The comparative trials programme, agreed last November, would prove crucial when the final decision is taken in April.

Britain had submitted a mass of data with up to £1,000 being spent on tape recordings and photo-records for the U.S. Government. But the U.S. had organised only a demonstration programme without full tests or data.

Mr. John Benjamin, for the Ministry of Defence procurement executive, said that there were fundamental flaws in vital receivers for the U.S. system. Testing of the equipment had been "shallow" and it would have to be redesigned less than a month before the International Civil Aviation Organisation begins its final assessment in Montreal.

Albright spends £17m. on phosphorus plant

BY KEVIN DONE, CHEMICALS CORRESPONDENT

ALBRIGHT AND WILSON is to spend more than £17m. on building new plant and modernising existing units for phosphorus chemical production in the U.K.

The expansion coincides with the company's growing confidence that its phosphorus plant at Long Harbour, Newfoundland, can finally offer a secure and stable source of supply.

Mr. John Wills, Albright's commercial director, said yesterday that the 60,000-tonnes-a-year plant would now produce most of the company's phosphorus, allowing it to increase penetration of international markets.

The company is still investing another Canadian $18m. (£8.5m.) in the three years to 1980 to bring the plant—first begun in 1969—up to satisfactory environmental standards, but it is starting to reap the benefits of a long-term supply contract with the Newfoundland authorities for cheap power.

As part of the U.K. investment programme Albright is to build a 20,000-tonnes-a-year plant at Widnes, Lancs., for the production of sodium hexametophosphate, a chemical used in water softening and conditioning.

On the same site it is also building plant to produce 11,000-tonnes-a-year of ammonium phosphate. This chemical is used in the manufacture of yeast and also as a flame retardant ingredient for timber, textiles and paper.

At Oldbury, Birmingham, the company's largest site for the manufacture of phosphorus-based chemicals, Albright is increasing by 50 per cent. its production capacity for disolium pyrophosphate, another baking chemical. It is also adding more phosphoric acid-storage facilities.

Last year, Albright completed a capital expenditure programme totalling £24.5m., but this is expected to show a large increase this year. A £19.5m. expansion of phosphoric acid units at Whitehaven, Cumbria, is already under way.

Hoechst U.K. investment falls

INVESTMENT in the U.K. by Hoechst, the West German chemicals group, will be down to about £5m. this year, as the company concentrates on building its activities in the U.S., writes Kevin Done.

Hoechst is the largest chemicals company in the world, judged in terms of turnover. In recent years it has come close tto makingfi a major investment in Britain—in excess of £50m.—in high-density polyethylene, a sector in which it dominates the world market.

However, Mr. Norman Mischler, charman of Hoechst U.K., admitted last night that the grouu was now unlikely to make any big investment in the U.K. for at least two to three years. The U.S. was taking a large part of the group's capital expenditure and could account for half the total in 1978-79, he said.

Last year, Hoechst achieved sales in th eU.K. of £370m., an increase of nearly 16 per cent. over 1976. Turnover of the Hoechst U.K. group was also up 16 per cent.—to £332m.

Group profit before tax was £9.7m. compared with £7.2m. in 1976, but Hoechst again made a loss on its U.K. textile fibres operation.

It is also aiming to increase direct exports from the U.K. from last year's low level of £5m. But this is expected to rise to only about £7m. in 197, according to Mr. Dominik von Winterfeldt, Hoechst U.K. managing director.

The Berger Jenson and Nicholson paint subsidiary is expected to report higher turnover and profits for the last year.

Consultants' turnover up 24% after recession

AFTER NEARLY five years of recession, members of the Management Consultants Association last year experienced a sharp increase in turnover, mainly because of an upturn in overseas work, which rose by 43 per cent. The association, which represents over 60 per cent. of British management consultants, reports an overall increase in turnover of 24 per cent.

Total turnover was £38.75m. of which £22.5m. was earned in the U.K., an increase of 13 per cent. on the previous year.

Mr. C. H. Brown, of Annan Impey Morrish, the association chairman, said in his annual review that during the last five years overseas income of management consultants had risen by over 300 per cent. and now represented 42 per cent. of total income.

Business in the U.K. rose by only 13 per cent. which, according to Mr. Brown, is in real terms about the same, as business in 1972-73.

Management consultants detected an improvement in the private sector and for the next year he said the association was "moderately optimistic rather than wildly optimistic."

Building in private housing sector continues to grow

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

PRIVATE house-building continued to grow last month, the National House Building Council said yesterday.

But the improvement was threatened by the cut in mortgage lending. The outlook was once again uncertain after Government pressure on building societies to reduce their mortgage advance quotas.

The council said that builders started work on 12,420 homes last month—an increase of nearly 30 per cent. on the average February figure for the last four years.

The performance reflected the industry's growing confidence about the private housing market and came close to the type of output levels recorded during the "boom" years between 1970 and 1973.

The spring and summer were traditionally the best times for selling homes. Consequently, restrictions on mortgage availability would be more damaging than had been widely realised, in spite of the fact that loans on new homes would have priority.

Builders continued to report a growing shortage of suitable development land and the situation was causing concern.

Prices at auction had been rising and there was evidence that supplies of land arising from bankrupt building operations were being quickly used.

Last month's improvement in house-building in the private sector came after the better output picture achieved in January, widely seen as a response to the strong underlying demand for home ownership and the ready availability of mortgage funds.

In spite of cuts in mortgage lending due to take effect next month, societies would still be lending more than last year. But the cuts nevertheless could dash any hopes of a substantial improvement on last year's starts total of 134,000.

£1m. grant for training in textiles

Financial Times Reporter

THE BRITISH textile industry is to be given a training grant of nearly £1m. from the European Social Fund after an application to the European Communities Commission, in Brussels, by the Cotton and Allied Textiles Industry Training Board.

The grant, to aid training in companies covered by the Board, is for this year and next. It will be used to train people to be more versatile, or to continue their training as managers, supervisors or technicians.

EEC membership 'costs U.K. £3bn.'

BY CHRISTOPHER PARKES

BRITAIN'S gross domestic product could be £2bn. a year higher than at present and real national income could be raised by about £3bn. if the country were not a member of the European Community, according to three Cambridge University economists writing in the Economic Policy Review.

They claim that EEC membership will cost the U.K. balance of payments about £1bn. this year in simple terms of net contributions to the Community budget and higher food costs.

But because the expansion rate of the national economy was likely to be severely constrained by the balance of payments, the true cost of membership "in terms of the sacrifice of real national income" was three times the direct cost in dearer food and budget payments.

The authors are Richard Bacon and Alister Farquhar of the Cambridge Department of Land Economy and Wynne Godley from the Department of Applied Economics.

They say that the annual net contribution to the Common Market budget now costs Britain about £700m. A further £300m. in direct costs this year is their estimate of the effect of the difference between EEC and world prices for food. This total of £1bn. is between £200m. and £300m. more than the forecast made in the 1971 White Paper: The United Kingdom and the European Communities.

The authors expect direct costs to climb to £1.2bn. by 1980.

Even though contributions to the Common Market budget—after allowing for inflation—have grown more than expected by those who prepared the 1971 White Paper, the rise in retail food prices has been less than forecast.

In 1971, it was suggested the retail price of food this year would be about 16 per cent. higher than if Britain had remained outside the Common Market, retained its own agricultural policy and continued importing from the low-price suppliers on the world food market. In the event, the difference is estimated at only 12 per cent.

The bulk of the Cambridge report is devoted to an examination of the Common Agricultural Policy and comparisons based on the differences between EEC prices for basic farm commodities and those prevailing in the "free" world market.

It is estimated that in the new farming year, after this spring's price fixing, EEC wheat will be £20 a tonne dearer than grain on the world market, raw sugar will be £60 dearer, and butter £730 a tonne more expensive.

CAP reform, Page 35

Manpower planning 'must have higher priority'

BY MICHAEL CASSELL

COMPANIES WILL have to give a higher priority to manpower planning if they are to cope successfully with a competitive business environment and meet the needs of employment legislation, says a report published to-day.

The report by the National Economic Development Office and the Office of Manpower Services says that, in many cases, manpower planning — providing adequate numbers of people with the right training to meet future requirements — has been introduced only as a crisis measure.

Action had often been taken to tackle competitive pressures or uncontrolled employment growth, but most companies, having introduced a manpower planning system, recognised the long-term necessity to retain and develop it.

The report, compiled in response to a suggestion by Mr. Denis Healey, the Chancellor, at a meeting of NEDO, claims significant costs are involved in failure to plan manpower adequately.

These have to be set against the apparent financial savings from short-term manpower policies.

Manpower planning involved considerable uncertainty and mistakes were bound to be made.

But companies using manpower planning techniques had been able to foresee changes and identify trends in the labour force earlier than otherwise possible.

This meant that employment policies could be adapted in time to avoid major problems.

Manpower planning should not be carried out as a technical exercise by specialist managers, and employees and union representatives should be involved in the planning process.

In a foreward, Mr. Albert Booth, Employment Secretary, says that Britain needs a well-developed manpower planning system at company level.

Case Studies in Company Manpower Planning; NEDO Books, 1, Steel House, 11, Tothill Street, London, S.W.1; £2.50.

Merseyside companies win £9m. rail contracts

FINANCIAL TIMES REPORTER

TWO Merseyside companies — Balfour Beatty Power Construction and Norwest Civil Engineering—have been awarded contracts totalling £9m. by British Rail for work on the electrification and modernisation of the Bedford to London railway line, due to come into operation in 1982.

Balfour Beatty's £6m. contract is for the supply and installation of overhead electrification equipment between Bedford and the London terminals of St. Pancras and Moorgate.

Norwest has been awarded a £3m. contract for phase one of the development of Cricklewood depot, which will be the major maintenance and servicing depot for the new electric trains in the Midland suburban electrification scheme and Inter-City trains using St. Pancras.

British Rail also said yesterday that it was examining a possible extension of electrification from Bedford to Sheffield as part of a "package" of Inter-City improvements on the Midland line.

HOME NEWS

Buchan Field hope of £360m. oil in first four years

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH PETROLEUM and its partners in the Buchan Field in the North Sea hope to extract about 50m. barrels of oil, worth £360m. at present prices, in the first four years of production

Whether the consortium will be allowed to exploit the field after four years depends on its reaching an agreement with the Department of Energy. Much will depend on the quantity of recoverable oil found in Buchan, and how BP and its partners set about exploiting the reservoir.

BP gave details yesterday of the programme planned for Buchan, one of the most difficult fields to assess in the North Sea. The scheme, estimated to cost about £130m., will need seven wells drilled and re-entry of an appraisal well.

The oil will be brought up through a semi-submersible production platform and an offshore loading system. This equipment should be on stream in autumn next year.

The Department of Energy has permitted the partners to produce oil at a maximum annual average production rate of about 50,000 barrels a day. This will mean that at times the oil will flow at 70,000 barrels a day.

The statement shows that BP and others in the 10-company consortium will be allowed to recover a substantial portion of reserves before their entitlement to further production is called into question.

Recoverable reserves are thought to be about 150m. barrels, though industry estimates have ranged from 65m. to 300m.

It is because no-one is certain about the level of recoverable reserves or the way the reservoir will perform in production that the Department has taken the unprecedented step of giving only qualified approval to the development programme.

The Government has reserved the right to take the field away from the partners after four years.

For this to happen there must be a fundamental disagreement between the Government and the partners over the way the field is exploited in future years.

BP said that in the "unlikely" event of no agreement being reached the licensees would surrender their rights in the part of the offshore licence covering the Buchan Field.

The issue should be brought to a head in 1981, when the Department reviews a new development programme submitted by BP embracing plans for exploiting the reservoir in the remaining life of the field.

These will include drilling another well to learn more information about the reservoir.

Besides BP the Buchan group comprises Transworld Petroleum (U.K.); Transworld Petroleum Corporation; St. Joe Petroleum (U.K.) Corporation; City Petroleum; CanDel Petroleum (U.K.); CCP North Sea Associates; Gas and Oil Acreage; Charterhall Oil; and Lochiel Exploration (U.K.).

No sign of upswing in industrial output

BY DAVID FREUD

THERE IS still no sign of an upturn in the U.K.'s industrial production, in spite of the slight rise in consumer demand over the last three months.

The all-industries index rose 0.6 points to 102.9 in January (1970 = 100, seasonally adjusted)) according to the provisional estimates released yesterday. However, the index for manufacturing industry fell 0.4 points to 103.0.

Comparing the November-January period with the previous three months, there was a slight decline in both sectors. The all-industries average index was down 0.1 points and the manufacturing index down 0.3 points.

On a longer-term comparison, the all-industries' index in the November-January period was 3.5 per cent. above the trough of the recession in the third quarter of 1975. Manufacturing output was 2.5 per cent. higher.

In the last three months, the all-industries' and manufacturing industries' indices were about 1 per cent. and 2 per cent. respectively below their levels in the same period a year ago.

The main reason for the January fall in manufacturing output was the continuing decline of the iron and steel sector, accounting for half the change.

The gain in the all-industries' index more than offset the fall in manufacturing, with the largest gains in the mining and quarrying sector (including North Sea oil) and in gas, electricity and water.

Coal mining improved by more than two points in January, presumably as a result of the productivity deals agreed in many pits, but output for the month remained below the level of a year ago.

Oil production again reached a new record and satisfied more than 50 per cent. of total U.K. demand for the first time.

The biggest sector gain in the latest three months over the previous three was registered in food, drink and tobacco, which was 1.9 per cent. higher. This reflected the best sugar crop in four years and a slight increase in beer production.

A quarter-on-quarter fall of 2.6 per cent. in the chemicals, coal and petroleum products sector was attributable entirely to chemicals, where demand continued to decline both at home and abroad.

The biggest quarter-on-quarter loss was seen in metal manufacture down 6.2 per cent., reflecting the general lack of demand, particularly at British Steel.

Motor vehicle production was up 4 per cent. over the two three-month periods. Output was again affected by strikes, but not by as much as in the autumn.

An anlysis by broad market sector shows that consumer goods output rose by 0.5 per cent. in the latest three months, compared with the previous quarter. The output of investment goods was little changed and the output of intermediate goods fell by about 1 per cent.

A new table which adjusts the figures for fluctuation in stock levels confirms the picture of stagnant production following a fall between the first and second quarters of last year.

Mr. Norman Lamont, a Tory spokesman on industry, said yesterday that the index showed that the U.K. was producing fewer goods now than during the three-day week during Mr Edward Heath's Prime Ministership. That was no economic miracle, but an economic disgrace.

"The Government's industrial strategy has totally failed. It has failed because no Labour Government is ever fully committed to a healthy, vigorous and profitable private sector."

INDUSTRIAL PRODUCTION

1970=100 seasonally adjusted

		All industries	Manufacturing
1976	1st	100.1	101.2
	2nd	101.6	103.3
	3rd	100.9	103.4
	4th	102.9	104.6
1977	1st	103.2	105.2
	2nd	101.9	103.0
	3rd	102.7	103.7
	4th	101.7	102.6
	Oct.	101.5	102.4
	Nov.	101.4	101.9
	Dec.	102.3	103.4
	Jan.	102.9	103.0

Source: Central Statistical Office

Midland plans to open bank in Paris

BY MICHAEL BLANDEN

MIDLAND BANK has taken an important step in the development of its international activities by registering a new subsidiary in Paris under the name Midland Bank France.

The new French subsidiary has an initial capital of Frs.20m. (about £2.2m.). The bank plans to open an operation in Paris which will act effectively as its branch, concentrating on the development of wholesale banking business.

The move is the bank's first development of this kind in France and a big step towards the extension of representation abroad in its own name.

Midland said yesterday that it was in line with its stated policy of expanding its presence in major financial centres and would be complementary to its existing relationship with its partners in the European Banks International Company.

Midland has tended in the past to rely heavily on its relationships with other banks overseas in order to provide an international service, particularly with its partners in EBIC.

This is a club of European banks, including Société Générale in France, which operates several joint ventures in Europe, the U.S. and the Far East.

However, two of the members of the group, Deutsche Bank and Amsterdam-Rotterdam Bank, have both recently opened their own branches in London.

Goodyear plans to cut jobs at Scots plant

FINANCIAL TIMES REPORTER

THE GOODYEAR Tyre and Rubber company is to cut the workforce at its Drumchapel, Glasgow, factory by between 130 and 150 production and staff workers.

The redundancies, which come after the announcement of a 400-job cut at Goodyear's Wolverhampton plant last week, are being made in the wake of mounting losses by the U.S. owned company.

Last year the company lost £482,000 on a turnover of £187.5m., and in the previous year made only a minimal profit of £300,000 on sales of £159m.

Goodyear, the largest tyre company in the world, has been hit in the U.K. by the long spell of stagnant vehicle production, combined with an increase in cheap tyre imports.

The industry as a whole has also been affected by the improvement in tyre life which has come from product development. This has had the effect of creating a lot of surplus capacity in the industry, which has in turn depressed the performance of many of the tyre companies.

Goodyear is to discuss with its unions the possibility of finding volunteers for the bulk of the Drumchapel redundancies. If this fails, redundancy notices will be issued.

The Glasgow plant makes car, truck and tractor tyres for the original equipment and replacement markets in the U.K., as well as for export.

The company said that the Drumchapel redundancies, out of a workforce of 830, were part of a company-wide programme of waste reductions, product improvement and manpower savings.

● Lucas Aerospace is expected to announce plans to its workers to-day for re-structuring the company's operations. The threat of redundancy has hung over the 12,000 employees for some time, as the company responds to the downturn in demand for civil and defence aircraft.

Union representatives and managers have been summoned to meetings at two Birmingham hotels this morning, and plant-level gatherings are also scheduled.

The workers last night were completely in the dark about the plans, according to Mr. Ernie Scarbrow, secretary of the Shop Stewards' Combine Committee. The committee has expressed fears that up to 4,000 jobs might be lost.

Sullom Voe terminal pact is signed

A MAJOR HURDLE has been overcome in development and commissioning of the £670m. crude oil terminus at Sullom Voe, in the Shetland Islands, writes Ray Dafter.

BP Petroleum Development, Shell U.K. and the Shetland Islands Council signed an agreement yesterday covering the terms of marine operations at what is expected to become the biggest oil terminal in Western Europe.

The agreement covers building of the oil jetties by the council and payments to be made to the council by the oil industry. It provides for exclusive use of the first three jetties by the oil industry, and its preferential use of a fourth and any subsequent jetties.

The deal runs for an initial period of 25 years, with options for further extensions up to the year 2030. It includes conditions under which pollution control and clearance at Sullom Voe will be administered.

BP is construction and operation manager of the new oil terminal. Foster Wheeler is the leading contractor.

Decay of platforms may hit profits

BY OUR ENERGY CORRESPONDENT

FEARS that some North Sea oil platforms and pipelines will not last long enough to justify the money spent on them are expressed in this week's issue of New Scientist.

The journal says the offshore facilities may corrode or collapse, although it is more likely that they will need very expensive repair.

Concern is being expressed in the industry about effects of wind, sea and marine life on platforms and pipelines. But the New Scientist article goes much further.

"There is already sufficient evidence of accelerated corrosion and premature failing on small shallow-water structures to be sure that keeping the deep-water platforms working will be far more expensive and difficult than any public statements have so far indicated."

The magazine says that recent trials in Scotland have shown that with available equipment it is impossible to test the structures fully for wear.

The urgency to establish working platforms in the North Sea had led to designs not as easily maintainable as they could be. If a fault developed cost of repair could be so great that profits on oil production were greatly diminished.

Future QE liner 'will need State subsidy'

Financial Times Reporter

THE GOVERNMENT should consider switching shipbuilding subsidies back to the U.K. to help to construct a QE3 liner, Mr. Nigel Broackes, chairman of Trafalgar House said yesterday.

He was speaking after receiving The Guardian newspapers Young Businessman of the Year award in London from the Prime Minister (above right).

The QE2, built without any State subsidy, had another 15 years life. But present profits of about £3m. a year did not justify building a replacement, in spite of the passenger cruisers strong hold on the north Atlantic market.

The State might need to put up as much as £75m., before Trafalgar House could see profits in the new venture, Mr. Broackes said later.

The investment would yield high employment and possibly $100m. a year in foreign exchange earnings, the opposite effect of subsidising more foreign orders for cargo ships.

Pension fund role needs study—Wilson

FINANCIAL TIMES REPORTER

THE ROLE of the pension funds in industrial investment may have to be studied more closely in the future, said Sir Harold Wilson yesterday.

Together with the insurance companies they would own more than 50 per cent. of industrial stocks and shares within two years, he told the annual conference of the Institute of Credit Management in London.

But the funds tended to follow the market rather than lead or stabilise it and their articles of association meant they must take care of their members' pension needs rather than concentrating on their responsibilities to industry.

His committee, which is looking into the role of the City as a source of finance for industry, was likely to publish its final report late next year.

While no decisions had yet been taken, the interim report had given a clear indication of the line which was emerging and he repeated that the problem was *not* so much the availability of industrial investment capital but a lack of willingness to take it up.

Mr. Nicholas Goodison, chairman of the Stock Exchange, also pointed to the growth of importance in the market of the pension funds.

He also highlighted the market's role as a lender to Government and asked how industry could be expected to cope with interest rates pushed up by Government, whose willingness to pay was not under commercial restraint.

Mr. James Prior, Tory spokesman on employment, said British business managers had taken too long to appreciate the benefits of worker participation in management. More companies were introducing participation "but there is much further to go."

Fraud case broker denies 'gamble'

HOPES THAT a Conservative victory in the 1974 General Election might have changed the market outlook for many Stock Exchange firms were recalled at the Old Bailey yesterday by one of Chapman and Rowe's former partners, Mr. George Edward Miller, who is accused of conspiracy and other offences after the firm was hammered in April, 1974, with a deficiency of almost £2m.

But Mr. Miller denied that some members of Chapman and Rowe were "gambling on a turn round in the market" to save the firm's financial position.

Mr. Neil Denison, QC, prosecuting, asked: "Is it right that if the market had turned upwards again all your troubles, and the firm's troubles, would have been over?" Mr. Miller: "If you are saying that now, then yes."

Mr. Denison: "I suggest that to your knowledge some partners of Chapman and Rowe, especially yourself, Mr. Harman and Mr. Clarke, were gambling on a turn round in the market."

Mr. Miller: "That is nonsense. Your suggestion is entirely wrong."

Uneasy

Mr. Miller (38), Mr. Alan Harman (34), and Mr. Ralph Clarke (50), together with Mr. John Michael Goddsell (35), the former managing clerk, deny conspiring to defraud clients and pledging their shares without authority as security for large bank loans in 1973-74.

Mr. Miller, who is alleged to have suffered large "bear" losses on gold share dealings, said: "In the first few weeks of 1974 I was uneasy about my position in gold shares and my general dealings were disastrous.

"But I saw nothing wrong about the future of Chapman and Rowe and thought it had adequate funds."

He denied that a client's stock was being knowingly pledged for bank loans by the firm without authority in the hope that in three or four months' time when the market improved the firm would be back where it was.

The hearing continues to-day.

Edwardes welcomes car import talks

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE RECENT discussions between the Japanese and British Governments on limiting Japanese car shipments to Britain had been "sensible and moderate," Mr. Michael Edwardes, British Leyland chairman, said yesterday.

Mr. Edwards, speaking at an American Chamber of Commerce luncheon in London, attacked the present Japanese policy of laying down new vehicle building capacity which, he said, would have to be used mainly in export markets.

"I think this policy is irresponsible. I believe in free trade, but I think that fredom and discipline go together."

He also went on to hint that the U.K. motor manufacturers would have to keep a close eye on the growth of Eastern European vehicle sales. "There is a Russian vehicle which sells in Britain at one-third of the price which Russians have to pay for it."

Mr. Edwardes, who had attracted a record audience of almost 1,400 executives at the lunch, said that the company's target was to achieve a degree of moderate profitability.

Already the company had moved beyond to survival stage to a point where it could begin to consolidate, but morale was still low, and would remain so until the present series of changes was completed.

Output, however, had already risen encouragingly. Since January, the car division had produced 18 per cent. more vehicles with only a 1 per cent. change in the work force, compared with the same period last year.

Mr. Edwardes made it clear that the main problem facing the group was still in the car division. Car operations accounted for 60 per cent. of the company's business, but "I can assure you they have accounted for none of our profits at all."

● Mr. Edwardes told a group of Merseyside Labour MPs yesterday that the transfer of TR7 production from the troubled Speke plant was unavoidable.

The MPs, led by Mr. Eddie Loyden (Liverpool Garston), spent an hour with Mr. Edwardes at his London headquarters. They have been campaigning to have the closure decision reversed because of high unemployment on Merseyside.

Ever Ready wins further price increase of 5%

BY DAVID CHURCHILL

AN ASSURANCE was won last night by the Ever Ready Company, at a meeting with Mr. Roy Hattersley, Prices Secretary, that it could increase its prices by another 5 per cent. from September without further investigation by the Price Commission.

The commission had recommended earlier this week that Ever Ready be restricted to a 2 per cent. price rise now instead of the 7 per cent. sought.

It said then that it would review the position in September "in the light of firm authoritative information not only as to current manufacturing costs, but also as to proposed future capital expenditure."

Ever Ready has now been told that, under the Government's prices legislation, it will be allowed automatically to increase prices by 5 per cent. from September.

Mr. Hattersley refused at yesterday's meeting to let Ever Ready have the full 7 per cent. rise immediately. This followed criticism by Ever Ready of the commission's report.

Mr. Lawrence Orchard, chairman of Ever Ready (Holdings), said: "No fewer than 23 paragraphs make statements, assumptions or 'half-hearted' recommendations which are either positively misleading or impractical.

"The Commission is strivng without full knowledge or understanding of the facts to lay down what Ever Ready strategies should be in an international battery business."

Mr. Orchard, however, was not present at the meeting with Mr. Hattersley.

Meanwhile, the big tea blenders again met Department of Prices officials as part of consultations over the Government's demand that tea prices be cut. An order enforcing tea price cuts is expected to be publicised by the Department.

Board to fund research in electrical engineering

BY JAMES McDONALD

THE DEPARTMENT of Industry has formed an Electrical Technology Requirements Board with an initial four-year budget of nearly £10m. to fund research and development in the electrical engineering industry. It will be headed by Mr. T. W. B. Sallitt, a director of the Hawker Siddeley Group.

The board, which will hold its first meeting in London on April 4, wants applications from private companies as well as research organisations for financial support on research and development projects, usually on a co-operative basis.

The tentative budget for the next four years is : 1978-79—about £2m.; 1979-80—over £2.1m., 1980-81—£2.5m., 1981-82—£3m. These totals could be expanded if necessary, said the Department of Industry.

The board will cover such products as motors and generators, transformers, switchgear, cables and accessories, domestic appliances and electrical equipment, including lamps and batteries.

Lending rate should be true market rate

Financial Times Reporter

THE BANK of England's Minimum Lending Rate should be allowed to be a "true market rate," the London Discount Market Association says in a self-portrait submitted as evidence to the Wilson Committee studying the financial institutions.

The discount houses say that they share the Bank's dislike of volatile markets, but that this volatility is a reflection of the political and economic state of the country

They allude to two other factors that prevent British money market rates from moving gradually.

First, when rates show a rising tendency the market's instinct is for a sudden adjustment to a level where "adverse expectations are realised."

Second, the widespread use in the money market of Reuter's Monitor as a trading medium has created a market "a great deal more sensitive and volatile, but generally more efficient."

Like much evidence already submitted to the Wilson Committee, the discount houses' submission provide a concise guide to its authors' function in the financial system.

It is more than usually reticent in recommending changes.

Competition 'means fair prices'

BY SUE CAMERON

THE PRICE Commission is acting on the belief that strong competition is the best way of ensuring fair prices and maximum industrial efficiency, according to its latest quarterly report, published yesterday.

The report, which covers the three months ending on January 31, says that evidence of competition in the market place was a factor which "strongly discouraged" the commission from initiating an investigation into a company that had given notice of a price increase.

It was found that if competition were restricted or absent altogether, there was less pressure on suppliers to reduce costs and secure the maximum productivity of resources employed.

Another factor considered when deciding whether or not to launch an investigation was the possibility that restricted competition might be allowing an inefficient supplier to mask his own inefficiency.

There was also the question of ensuring that consumers had sufficient information on which to base a reasoned judgment.

"In all cases we have followed our stated belief that the national interest in respect of the level of prices of goods and services is best served by effective competition between efficient suppliers.

"There is, however, no automatic presumption against uncompetitive types of market structures. In such cases we attempt to assess whether the facts in front of us would be altered if there were a more competitive structure."

Testing the efficiency of concerns investigated had been a difficult task because there was no yardstick that could be generally applied.

The commission had tried to detect any "glaring defects in the management of an enterprise" and to draw up an overall assessment of a company's performance. The latter would be used as a reference point if the same organisation gives notice of a further price increase in the future.

The recovery of costs had "weighed heavily" in deciding whether or not to investigate a company, but this no longer provided automatic justification for a price increase.

On the other hand, so many concerns had used the recovery of costs as an argument for putting up prices that the commission felt that organisations should be allowed to take future costs into account—although only those for which there was a "definite and quantifiable commitment."

One factor which the commission is ignoring when investigating proposed price increases is pay rises which exceed the Government's 10 per cent. guideline.

Mr. Charles Williams, chairman of the commission, said that an increase of more than 10 per cent. "does not in our mind trigger off sanctions."

He stressed the commission's independence and said that the Government had not asked it "to look out for companies on the blacklist."

The commission, however, would take into account any breaches of the 12-month rule on pay rises and would also consider bogus productivity deals when making recommendations on proposed price increases.

He did not see why the consumer should carry the cost of phoney productivity agreements.

The report shows that the number of price rise notifications received by the commission rose from 215 per month in August-October last year to 315 per month in November-January.

In the same periods, the amounts notified have risen from £271m. to £440m. It is pointed out that the number of price increases notified is still considerably below that of the period prior to August last year when the Price Commission Act came into force.

There were 6,000 complaints from the public during the three months covered by the report. This was down on the previous quarter. Many were about charges for repair and maintenance services, television rentals and hotels and catering services. The prices of coffee, cocoa, chocolate, books and cigarettes were also a major source of complaint.

Price Commission Report for the Period November 1, 1977, to January 31, 1978; HC287; SO; 90p.

Unions prepare to fight steel industry cutback

BY OUR LABOUR STAFF

TRADE UNIONISTS in the steel industry were preparing yesterday to "resist to the end" any cutbacks which could threaten the British Steel Corporation's future in a competitive quality market.

Fears that the industry could be seriously mutilated by the economy programme to be announced shortly by the Government came to a head following advance news yesterday that well over £1bn. worth of investment is to be shelved.

Mr. Eric Varley, Industry Secretary, is expected to announce in the Commons next week the dropping of plans to invest £835m. at Port Talbot, £200m. at Teesside and three proposed electric arc furnaces for Shelton at Stoke-on-Trent and Ravenscraig and Hunterston in Scotland.

This would be coupled with the axing of some 40,000 jobs in the industry over the next five years starting with 15,000 this year.

Mr. Jack Thomas, chairman of the union development committee at the Port Talbot works said: "We will put all pressure possible on the Government to rescue plans to introduce a new mill which we were promised 12 months ago." This investment was proposed in isolation to the whole expansion plan.

The plant now stood, he said, in a state of obsolescence and "without Port Talbot, there will be no South Wales."

The plant urgently needed a new mill costed a couple of years ago at between £250m. and £300m. if it was to find a place in a highly competitive quality market in the future, Mr. Thomas said. And the investment was needed now to ensure survival in five years time.

The 12,500 jobs at the works were not immediately at risk if such plans were shelved but they would be in the longer term.

The action committee, which for eight years has fought to save the Shelton steelworks, is continuing with intensive lobbying of union leaders.

Committee members said yesterday that any retraction on this would be a blatant breach of a very firm guarantee given to the plant

At national union level, Mr Bob Harrison, secretary for the steel industry in the Transport and General Workers Union, said that while the unions had been realistic about the need for some cutbacks, "we are equally concerned about the national interest."

Strategy

They were "very very concerned" that investment should be channelled into weak and import substitution areas. The TGWU was pressing for British Steel to make early retirement deals to cater for urgent manning problems.

Roy Hodson writes: Ministers are anxious to avoid creating an impression that the Government will be selling out the British Steel Corporation by refusing to back long-promised expansion plans.

Government strategy will be to lay emphasis upon ways of improving the quality of British Steel products, raising efficiency in steelmaking by selective investment, and improving relations between the corporation and British steel-using industries.

Port Talbot is going to be at the eye of the coming political storm. The plan to double the size of the works from 3m. tonnes a year to 6m. tonnes a year with a £835m. investment is already in suspense. In the view of the Government it cannot be justified.

Mr. Varley may find it possible however, to give some comfort to South Wales by allowing a modest new investment at Port Talbot — a continuous casting plant to make steelmaking more efficient without increasing output.

A promise may be made to Wales that a government-backed inquiry managed by British Steel will look again during the coming months at the overall sheet steel and tinplate investment at Port Talbot, Llanwern, Ebbw Vale and Panteg.

The Department of Industry sees some merit in the recent recommendation of the Select Committee on Nationalised Industries that the ageing 80-inch strip rolling mill at Port Talbot should be replaced with a new mill on the same foundations.

Such an investment would enable the quality of Port Talbot steel to be improved without increasing the total production capacity of the plant.

Prior hits at unions over restrictive practices problems

BY OUR LABOUR STAFF

MR. JAMES PRIOR, Opposition spokesman on Employment, urged trade union leaders yesterday to "face up to the problems of restrictive practices, overmanning and low productivity."

At a conference in London by the Institute for Credit Management Mr. Prior said the path to increased living standards for its members lay much more in tackling these matters "than taking tea at No. 10."

He described recent activities by some telephonists in various hospitals as "utterly deplorable," and the actions of certain teachers in disrupting school meals as "disgraceful."

Mr. Prior made a specific attack on certain labour relations problems in the transport and rail unions. These include expulsion of about 40 long-serving workers in British Rail because they objected to joining a particular union.

He condemned efforts to black the Didcot rail freight depot.

"None of these actions can be defended in a free society. Rather they represent practices and prejudices which ultimately are quite incompatible with freedom."

He detected a "more thoughtful and balanced approach" by some trade union leaders to what he described as the daunting economic prospects facing the country.

Expressing a hope that new leaders trying to establish themselves in the industrial field would model themselves on "Jones-Scanlon Mark II," he said it was now realised by some leaders that profits and productivity were crucial to industrial survival and that "ridiculous" wage claims led only to less employment and more price rises.

Mr. David Ennals, the Social Services Secretary, joined Mr. Prior yesterday in denouncing industrial action by National Health Service workers.

TUC to lobby on South Africa

MEMBERS OF the TUC International Committee will meet Dr. David Owen, the Foreign Secretary to-day as part of their efforts in the International Trade Union week on South Africa.

The group will include Mr. Len Murray, TUC general secretary, Mr. Jack Jones, Transport and General Workers' Union general secretary, and Mr. Ray Buckton, general secretary of ASLEF, the train drivers' union

Talks to end docks row under way

By Our Own Correspondent

FINAL NEGOTIATIONS are under way to end a labour dispute which has held up the start of South Africa's first fully-containerised freight service with Britain since last November.

A £10m. berth has been standing idle for four months as ships were diverted to European mainland ports from Southampton with containers trans-shipped to and from Britain on cross-Channel ferries.

The traffic, operated by a group of European companies in co-operation with the South African Safmarine Line, was expected originally to generate up to 90,000 containers a year, with nine purpose-built ships due to come into operation by 1979.

But British Transport Docks Board negotiators at Southampton have been unable to agree on pay and working arrangements with all the five groups of workers involved.

So far, the dockers (Transport and General Workers Union), the crane drivers and the checkers (both National Union of Railwaymen), have agreed terms, but 500 maintenance staff (members of the Shipbuilding and Engineering Trades Confederation) are asking for a complete new pay structure throughout Southampton Docks.

Foremen, also members of the transport union, are still unhappy with conditions laid down in the Government's pay policy.

Chapple criticises 'unfair' pay curbs

BY OUR LABOUR EDITOR

PRESENT GOVERNMENT pay controls are being unfairly applied, will hinder industrial recovery and are a breach of the agreement with the trade unions, Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union, says in his union journal.

The front-page article, "How not to run a pay policy," was written before pay negotiations for Mr. Chapple's electricity supply workers concluded on Tuesday. It begins: "By the time you read this editorial the power workers could well be taking industrial action."

Incompetent

Mr. Chapple and leaders of the other three unions decided to put the offer—10 per cent. on earnings, but a total package of 15-18 per cent.—out to a ballot of members without a recommendation. The offer, said to be within the guidelines, including a productivity deal, is likely to be accepted.

In his article Mr. Chapple, who says he supported the two years of agreed restraint against his better judgment, says:

"It is only if one sees their (the Government's) desire for a pay policy as a cry for help from incompetent managers—unable to cope, terrified of union demands—that it makes sense.

"No-one believes that pay and price restrictions can last long in a free society."

He warns the Government against being panicked into a boost for demand at home that resulted in increased public expenditure or higher imports. Companies must be provided with profit, and workers and managers with incentives. "But such incentive require a flexible pay policy," he writes.

Yesterday a group of professional people and managers in non-TUC associations published a submission to the Chancellor and Employment Secretary saying that the pay policy "discriminates against skill, knowledge and responsibility."

The Managerial, Professional and Staff Liaison Group calls for bigger percentage pay rises for the higher paid and less tax in the higher brackets.

Swan Hunter peace bid fails

INFORMAL TALKS to try to settle the dispute which led to Swan Hunter closing its five Tyneside yards last week ended yesterday without a solution.

Swan Hunter said further talks would be held with union officials. The yards were closed and 9,000 men laid off for 24 hours last week after 80 security guards were suspended for imposing sanctions in protest against an 8.5 per cent. pay offer.

Mining output up by 10%

COALFACE productivity broke all records in February, the National Coal Board announced yesterday, ascribing the improvement to the new production incentive scheme.

East miner at the coal face averaged a 10 per cent. rise in output per shift to 171.5 cwts compared with last year.

"The production sheeme is bitng," the Board said. About 90 per cent. of all production faces were now operating the scheme, and the industry was using 2,300 fewer men.

Water pay ballot result soon

TH ERESULT of a ballot among water worker members of the General and Municipal Workers' Union on a 10 per cent. pay offer will be known at the end of this month.

Although members of the National Union of Public Employees, and the Transport and General Workers' Union have indicated they are prepared to accept the offer, the result of the ballot is important since the GMWU is the biggest union in the industry.

U.K. ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output, engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1977							
1st qtr.	103.2	105.2	111	103.3	216.8	1,330	na
2nd qtr.	101.9	103.0	105	102.5	222.0	1,330	163
3rd qtr.	102.7	103.7	108	104.3	234.2	1,418	151
4th qtr.	101.7	102.6		104.4	239.4	1,431	157
Sept.	102.6	103.5	106	103.5	235.0	1,446	145
Oct.	101.5	102.4	106	102.7	234.2	1,433	153
Nov.	101.4	101.9	99	103.1	236.3	1,433	156
Dec.	102.3	103.4		106.9	246.0	1,428	163
1978							
Jan.	102.9	103.0		104.9	214.0	1,419	180
Feb.				106.5		1,409	187

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
1st qtr.	115.8	99.5	106.0	100.5	83.9	104.4	19.9
2nd qtr.	113.3	97.9	105.1	99.0	80.5	99.9	22.4
3rd qtr.	115.2	98.2	104.7	99.7	83.3	100.7	24.4
4th qtr.	115.9	97.6	101.2	99.1	74.8	100.1	20.6
Sept.	115.0	98.0	103.0	99.0	85.0	101.0	28.2
Oct.	116.0	98.0	101.0	99.0	75.0	101.0	24.7
Nov.	115.0	97.0	101.0	99.0	70.0	98.0	21.2
Dec.	117.0	98.0	102.0	100.0	79.0	101.0	15.9
1978							
Jan.	116.0	98.0	104.0	99.0	75.0	101.0	17.8

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
1st qtr.	115.7	109.1	−947	−505	−800	99.0	10.5
2nd qtr.	118.0	109.8	−764	−364	−745	100.3	14.9
3rd qtr.	124.1	106.4	+ 54	+483	−602	101.0	13.4
4th qtr.	117.9	102.6	+ 45	+351	−657	102.4	20.39
Sept.	125.9	107.5	+ 55	+198	−207	101.7	17.17
Oct.	119.4	101.3	+ 53	+155	−228	101.7	20.21
Nov.	115.3	98.4	+ 68	+170	−154	102.4	20.39
Dec.	118.9	108.1	− 76	+ 26	−275	103.1	20.56
1978							
Jan.	112.6	114.4	−334	−234	−236	105.4	20.87
Feb.	128.7	110.6	+ 84	+184	−202	104.7	20.7

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m.); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m.	BS inflow	HP lending	MLR %
1977							
1st qtr.	1.3	− 8.8	5.3	−1,857	492	1,008	10½
2nd qtr.	22.7	15.3	5.6	2,040	1,290	1,049	8
3rd qtr.	36.7	14.9	20.3	−473	1,084	1,151	7
4th qtr.	21.3	14.1	8.3	247	1,565	1,184	7
Sept.	36.7	14.9	20.3	122	462	388	6
Oct.	35.6	17.0	4.9	336	590	371	5
Nov.	41.5	19.5	6.1	297	554	402	7
Dec.	21.3	14.1	8.3	107	421	411	7
1978							
Jan.	24.4	16.5	13.4	354	388	425	6½
Feb.					353		6½

INFLATION—Indices of earnings (Jan. 1976=100), basic materials and fuels, wholesale prices of manufactured products (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn-ings°	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
1st qtr.	112.5	341.5	248.0	174.1	184.7	276.4	61.8
2nd qtr.	114.5	347.7	259.2	181.9	191.1	250.0	61.6
3rd qtr.	116.1	340.5	267.7	184.7	192.1	239.9	61.5
4th qtr.	119.9	330.6	272.1	187.4	193.3	234.20	63.3
Sept.	[illegible]	338.1	269.2	185.7	192.5	241.6	62.4
Oct.	[illegible]	333.8	271.0	186.5	192.3	236.38	62.5
Nov.	120.1	329.9	272.0	187.4	192.9	238.34	63.6
Dec.	121.7	328.0	273.3	188.4	194.8	234.20	63.8
1978							
Jan.	121.3	324.9	277.0	189.5	196.1	226.41	66.0
Feb.		323.3	279.2			224.86	65.2

* Not seasonally adjusted.

THE JOBS COLUMN

Latest indicators of management salary levels

BY MICHAEL DIXON

HERE once again is the Jobs Column's thrice-yearly table of managerial salary indicators. It is drawn from the latest Reward survey, which in turn is based on people registering as job candidates with the Government-sponsored Professional and Executive Recruitment agency during the four months which ended with January.

The figures in the table are solely for candidates aged 33-37, registering with PER all over the country. So the listing takes no account of salary variances either in different age groups or in different regions. Readers needing detailed figures can obtain them, for a price, from Reward whose address is 1 Mill St., Stone, Staffordsh're ST15 8BA—telephone 078-583 4554.

And even those content with the rough guide presented here had better note that adjustments are required for variances with size of employing concern, and for the passage of the few weeks since the survey figures were collected.

To cover the time lag, the Reward statisticians recommend the addition of 2½ per cent. to the figures in my table.

Where the employer was an international or large national concern the statisticians noted that the salaries ranged between 5 and 12 per cent. higher than those indicated alongside, the average addition being 8½ per cent. Where the employer was a regional company with 80 to 300 salaried staff, the range was 2 to 9 per cent. higher, with an average addition of 5½ per cent.

The survey also asked candidates—who were all employed at the time although some were working notice—how much extra salary they were hoping for in their new job. Their replies indicated that, based on the median salary, a rise of 11 per cent. was wanted if the next job were in the same area of the country, and a 16 per cent. increase was desired if the change would involve moving home.

As usual, the table gives salary indicators for 34 different job categories, both for the period October, 1977 to January, 1978, and in brackets for the corresponding period 12 months earlier. If one imagines all the appropriately aged PER candidates in each category as being ranked by salary, the lower quartile figure represents the salary of the person a quarter of the way up from the bottom of the ranking, the median that of the person half way up, and the upper quartile the salary of the person a quarter of the way down from the top of the ranking.

The first six columns are based on all the candidates aged 33-37 in each category in the respective periods, whether they were qualified or not. The final six columns repeat the exercise, but relate only to the people among the candidates who held professional qualifications.

Liberia

JOHN EDIS—whose consultancy, Management Recruitment of Birmingham, is part of the Liberia-based Mesurado group—is seeking a successful day-to-day top manager to run the group's company distributing mainly vehicles throughout Liberia and elsewhere in West Africa.

The company is called Swiss African Trading Corporation, and its president Steve Carroll would prefer candidates who have run a similar kind of operation, especially if it traded in British Leyland vehicles. Experience in tropical climates would be a help. Age 35 or upwards.

Salary will be about U.S.$24,000, of which tax will take only about 20 per cent. Perks include housing, transport for family, and so on. In the first instance the contract will be for a year, including a month's home leave. "But we hope whoever comes will stay for years," says Mr. Edis.

He would prefer first contact to be by telephone to 021-454 3691. His postal address is Regency House, 107 Hagley Road, Birmingham B16 8LA.

	All in sample						Professionally qualified only					
Age group 33-37	Lower quartile	1976-7	Median	1976-7	Upper quartile	1976-7	Lower quartile	1976-7	Median	1976-7	Upper quartile	1976-7
	£	£	£	£	£	£	£	£	£	£	£	£
General managers	5,200	(5,000)	6,575	(6,000)	8,137	(8,000)	5,937	(5,000)	7,750	(6,500)	9,825	(8,850)
Administration managers	3,950	(3,600)	4,800	(4,300)	5,600	(4,750)	—	—	—	—	—	—
Company secretaries	4,750	(4,150)	5,500	(5,200)	6,800	(6,550)	4,712	(4,400)	5,675	(5,450)	6,950	(6,900)
Accountants	4,000	(3,600)	5,000	(4,500)	6,500	(5,600)	4,725	(4,000)	6,000	(5,000)	7,062	(6,250)
Cost accountants	4,025	(3,550)	5,000	(4,500)	5,850	(5,500)	4,400	(4,250)	5,425	(5,000)	6,075	(6,500)
Computer managers	5,200	(4,550)	6,000	(5,250)	7,700	(7,000)	7,225	(4,700)	7,800	(6,250)	7,950	(8,200)
Systems analysts	4,500	(4,000)	5,000	(4,750)	6,000	(5,500)	5,000	—	5,600	—	6,500	—
Computer programars	3,362	(3,000)	3,925	(4,250)	4,600	(5,000)	—	—	—	—	—	—
O&M/work-study officers	4,000	(3,500)	4,450	(4,050)	5,225	(4,700)	4,050	(4,250)	4,500	(4,700)	5,600	(5,300)
Personnel executives	4,362	(3,800)	5,000	(4,500)	5,700	(5,200)	5,200	(4,300)	5,700	(5,000)	7,500	(5,950)
Training executives	3,600	(3,600)	4,000	(4,050)	4,700	(5,000)	—	—	—	—	—	—
P.R. executives	3,350	(3,300)	4,500	(3,800)	5,187	(5,000)	—	—	—	—	—	—
Marketing managers	5,000	(4,250)	6,000	(5,150)	7,000	(6,300)	5,187	(5,000)	6,500	(5,800)	7,312	(6,900)
Sales managers	4,625	(4,000)	5,500	(4,700)	6,475	(5,500)	—	—	—	—	—	—
Sales office managers	3,312	(3,250)	4,000	(3,600)	4,500	(4,000)	—	—	—	—	—	—
Sales representatives	3,100	(3,000)	3,850	(3,500)	4,825	(4,100)	—	—	—	—	—	—
Technical sales representatives	3,600	(3,100)	4,200	(3,750)	5,000	(4,200)	—	—	—	—	—	—
Retail management	3,537	(3,300)	4,250	(4,000)	5,000	(4,500)	—	—	—	—	—	—
Production managers—engineering	4,412	(3,800)	5,000	(4,250)	5,537	(4,900)	5,112	(4,100)	5,450	(4,850)	5,887	(5,600)
Production managers—non-engineering	4,200	(3,800)	4,850	(4,500)	5,800	(5,000)	4,725	(4,050)	5,250	(4,700)	6,100	(5,600)
Production engineers	3,850	(3,700)	4,250	(4,000)	5,200	(4,700)	3,900	(3,800)	4,400	(4,500)	5,275	(4,900)
Mechanical engineers	4,225	(3,700)	4,500	(4,300)	5,200	(4,950)	4,400	(4,000)	4,800	(4,600)	5,200	(5,200)
Electrical engineers	4,437	(3,800)	4,775	(4,500)	5,750	(5,150)	4,500	(4,300)	4,925	(4,750)	5,837	(5,300)
Chemical engineers	4,725	(4,000)	6,000	(4,450)	6,350	(5,000)	—	—	—	—	—	—
Quality control engineers	4,000	(3,350)	4,500	(3,900)	5,000	(4,650)	4,437	(3,500)	5,175	(4,700)	6,100	(5,200)
Draughtsmen	3,500	(3,250)	4,025	(3,650)	4,300	(4,400)	3,600	(3,500)	4,150	(3,950)	4,500	(4,500)
Civil engineers	4,000	(3,900)	4,925	(4,500)	5,500	(5,300)	4,925	(4,300)	5,250	(5,100)	5,962	(6,250)
Engineering technicians	3,687	(3,300)	4,250	(3,950)	4,950	(4,500)	3,975	(3,500)	4,500	(4,000)	4,912	(4,700)
Quantity surveyors	4,575	(3,600)	5,000	(4,500)	5,600	(4,800)	4,650	—	5,000	—	6,100	—
Chemists	3,950	(3,300)	4,500	(3,700)	5,000	(4,500)	4,175	(3,600)	5,000	(4,000)	6,000	(4,600)
Metallurgists	4,475	(3,300)	5,050	(4,000)	5,500	(4,500)	4,750	—	5,400	—	5,575	—
Physicists	5,000	(3,900)	5,000	(4,650)	5,700	(5,500)	—	—	—	—	—	—
Distribution executives	4,000	(3,350)	4,600	(4,000)	5,350	(4,800)	—	—	—	—	—	—
Purchasing executives	3,612	(3,350)	4,000	(3,750)	4,875	(4,500)	3,737	(4,000)	4,325	(4,500)	4,800	(4,850)

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The Director of Corporate Affairs,
Procter & Gamble Limited,
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Newcastle upon Tyne NE99 1EE

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The successful candidate will be responsible for the preparation of analytical tenders for multi-million pound projects, usually in the U.K. but occasionally overseas.

Applicants, male or female, will have had extensive contractor site experience on heavy civil engineering work and at least five years' estimating experience.

He or she should be capable of leading a small team with imagination and enthusiasm and have the ability to identify engineering and commercial problems within a competitive environment.

The salary will be competitive and negotiable.

Supporting benefits include group pension/life assurance schemes, company car, and staff restaurant facilities.

Written applications with summary of qualifications and experience to:—

Personnel Officer
MOWLEM (CIVIL ENGINEERING) LIMITED
Westgate House
Ealing Road
Brentford
Middlesex

Mowlem

Controller - Banking

A fully-authorised merchant bank in London seeks a Controller. The post will be at top management level, advising the Chief Executive on resources allocation, supervising the production of financial and management accounts, and directing the bank's operations centre.

The successful applicant is likely to be a chartered accountant with bank accounting experience, particularly in foreign exchange, and the ability to organise and lead an operations team.

A starting salary of not less than £15,000 is envisaged; and satisfactory performance in this important position could lead to a Board appointment. Company car, non-contributory pension scheme, and normal fringe benefits.

It is unlikely that anyone younger than the mid-thirties will have the experience necessary for this position and its potential. Applications, with full c.v., should be sent to:—

Alun Bullon,
MOORE, STEPHENS & CO.,
St. Paul's House,
Warwick Lane,
London EC4P 4BN.

Credit Analyst

The London Office of the Royal Trust Company – Canada's leading Trust Company which currently has assets under administration in excess of $19,000 million – has an opportunity for an experienced Credit Analyst in its Commercial Credit Department.

The selected candidate (M/F) will be aged between 25-30 and must have had some formal training, possibly with a North American institution in this field, plus 2 years experience. In addition, a formal banking or accounting qualification would be an advantage.

The job will involve the credit analysis of banks and commercial companies and the assessment of new loan proposals. There will be scope in the future for the person selected to develop the loan portfolio and deal directly with clients.

In addition to an attractive salary, there is a comprehensive package of benefits. If you are interested please send a c.v. explaining how you meet the requirements stated above or phone for an application form to:–

The Personnel Manager
THE ROYAL TRUST COMPANY OF CANADA,
Royal Trust House, 54 Jermyn Street,
London SW1Y 6NQ.
Telephone: 01-629 8252

LOAN ADMINISTRATION CLERK

c. £4,500

We have a vacancy for a male or female Loan Administration Clerk, in their mid 20s, to join our small but expanding Loan Administration Department.

If you have previous loan experience, ideally gained with a Merchant or American bank, then we would like to hear from you now.

An attractive salary will be paid and there are excellent fringe benefits.

Please write to:- Chris Taylor, Personnel Officer, Saudi International Bank, 99 Bishopsgate, London EC2M 3TB.

البنك السعودي العالمي المحدود
Saudi International Bank
AL-BANK AL-SAUDI AL-ALAMI LIMITED

EUROBONDS

We require an assistant with a broad knowledge of the Eurobond market who is fully conversant with switches, currency and exchange control requirements relating to this type of investment. The successful candidate should be between 25 years and 35 years of age and have had a minimum 2 years experience in the Eurobond market. The applicant should be used to meeting and talking to institutional clients about fixed interest investments. The ability to speak German and French would be an advantage.

Further details can be obtained from Mr. J. E. G. Lundqvist on 01-709 0565.

An attractive remuneration package will be offered to the successful applicant.

Applications with detailed C.V. should be sent, in confidence, to:—

H. E. Child, M.B.E.
Personnel Manager,
Scandinavian Bank Ltd.
36 Leadenhall Street,
LONDON EC3A 1BH.

Senior Valuation Surveyor

An experienced Senior Valuation Surveyor is required in the Professional Department.

The Valuer who will be directly responsible to a Partner should have over 5 years' qualified experience of valuing large commercial and industrial properties and be capable of supervising a team of valuers. Salary commensurate with experience.

Write or telephone in confidence to:

D.N. Idris Pearce FRICS
Richard Ellis, Chartered Surveyors
64 Cornhill, London EC3V 3PS
Tel: 283 3090

Richard Ellis

CONTINENTAL

TREASURY ASSISTANT

Continental (London) Limited, International Grain Traders seek an ambitious young person with some foreign exchange back-up experience to train in the Treasury Department. Knowledge of sterling market and book-keeping would be an advantage.

Commencing salary up to £3,500 and normal fringe benefits commensurate with an international organisation.

Contact:

Barbara Nicholson,
Continental (London) Limited,
P & O Building,
122-138 Leadenhall Street, London, E.C.3.
Telephone 01-283 4222

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

DEPUTY MANAGER
LOAN ADMINISTRATION — Salary Negotiable

This senior vacancy occurs at the London Head Office of a well-known international bank. The person appointed will manage loan administration (approximately 20 staff) within the Advances Department; the position calls for thorough technical knowledge of the documentation and maintenance of all types of loan, coupled with several years managerial experience in this field of banking. It is expected that the successful candidate will be a qualified banker aged in his/her early thirties. The bank's fringe benefits are among the City's best, and the salary offered fully reflects the seniority of the appointment and the substantial degree of experience sought. *Contact. Kenneth W. Anderson (Director)*

BRANCH OFFICER — £ Negotiable

To meet the demands of increasing business, a small merchant bank in London wishes to engage an experienced joint stock banker. The ideal applicant will be aged about 28, with a number of years in a domestic banking environment, having worked his/her way through all aspects of branch banking to a current position of Grade IV Securities Clerk or a first or second appointment. The position offered is Assistant Manager in the Banking Division which, initially, is mainly administration but will lead to lending within the short-term. A generous salary is negotiable, presenting no obstacle to the engagement of the right person. *Contact: Richard J. Meredith*

FOREIGN EXCHANGE BROKERS — £ Negotiable

Two prominent firms of money brokers in the City each seek to recruit an experienced Foreign Exchange broker. In the first instance a person with a good knowledge of French is sought; and in the second case, the requirement is for a person with a knowledge of both French and German. *Contact: Mike Pope*

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

Financial Controller

for a highly successful major company in a process industry with international operations and a nine-figure turnover. The Financial Controller will be responsible to the Chief Executive for the financial and accounting functions of the company.

Candidates, aged 35 to 45, must be chartered accountants with experience of similar responsibilities working at general management level in a manufacturing company, preferably in a process industry, operating internationally and employing computerised systems. Salary negotiable to £15,000. Non-contributory pension.

Please send relevant details — in confidence — to P. Hook ref. B.26391.

MSL Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

FINANCIAL CONTROLLER

South - c. £9,000 (plus profit sharing)

Our clients KENTUCKY FRIED CHICKEN have a vacancy for a qualified accountant to control their financial planning, cash management, system control and development. This British subsidiary, which was established in the U.K. in 1965, has currently over 250 outlets in this country, but plans substantial profitable development over the next few years in an area which has considerable growth potential.

The successful candidate, probably in the mid 30's, will have a professional qualification and subsequently have had several years commercial experience. He or she will control the accountancy function with a staff of 20 who have been progressively upgraded. The small, very professional management team is young, and the environment is a stimulating one.

Location is in the Farnborough area in custom-built offices, currently approaching completion. Salary by negotiation will, in addition, include a significant profit-participatory element. The fringe benefits, pension, etc., are exemplary, and the appointment provides an exciting and progressive opportunity in direct relation to the ability, enterprise and enthusiasm of the incumbent.

For further details and application form telephone (or write briefly in complete confidence):

Eric Jameson or James Allen

PERSONNEL SELECTION

Personnel Selection Limited
46 Drury Lane Solihull West Midlands B91 3BU Telephone: 021-705 7399 or 021-704 2951

Managing Director Designate

Industrial holding company

This is a rare opportunity to head up an increasingly profitable diversified group and to participate in its future success. The aim is to grow from the present £3 million turnover, both through the effective development of existing operations and by acquisition of new businesses. Since the person appointed will have immediate direct responsibility for all aspects of the accounting function and even when confirmed in the Chief Executive role, will need to have a pronounced financial bias, a chartered accountancy qualification is essential. This should have been supplemented by previous involvement in controlling financial and management accounts in a manufacturing environment plus general management experience gained either in a small medium sized company or in a division of a larger group. Candidates, of either sex, are expected to be aged between 35 and 45. Remuneration, which would include an incentive element is expected to be in five figures. A company car is provided together with re-location assistance to a North Cheshire base.

PA Personnel Services Ref: GM33 6348 FT.

The identity of candidates will not be revealed to our clients without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.

PA Personnel Services

Hyde Park House, Knightsbridge, London SW1X 7LE Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

Financial Director

c £12,500 p.a. plus car — **W. London**

Our client, a paint manufacturer, distributes a large proportion of its products through over 200 wholly owned retail outlets. Backed by an international company it has recently made a substantial acquisition and turnover has increased to £15m per annum. To meet the demands of rapid expansion and future acquisitions the company requires a Finance Director.

This exciting opportunity will interest qualified accountants aged around 35, who enjoy a challenge and possess the flair required to re-organise two inadequate, incompatible systems. Experience of a fast moving consumer retail trade would be an advantage. The ability to devise, install and develop computerised financial, costing and management information systems is essential. Appointment to the Board within 18 months is envisaged. Benefits are the usual in a major company.

Applications quoting ref: 6219 to B. G. Luxton, Mervyn Hughes Group, 2-3 Cursitor Street, London EC4A 1NE. Tel: 01-404 5801.

Mervyn Hughes Group
Management Recruitment Consultants

NORTHERN COOPERATIVE SOCIETY LIMITED

Chief Executive Officer

The Northern Society wishes to appoint a Chief Executive Officer as a successor to the present incumbent who is leaving to take up a similar appointment within the Cooperative movement.

The Society's trading area includes the city of Aberdeen and 300 square miles within the Grampian Region.

Most of the Society's supermarkets and other stores have been modernised in recent years and a major project was completed with the opening in November 1977 of a superstore complex.

Budgetted turnover for the Society for the year to January 1979 is £32 million.

The Chief Executive Officer is responsible to the Board of Directors for the total management of the Society's operations and applicants must have had senior management experience and be able to point to the successful control of management personnel engaged in a wide range of departments, in retail development and in profit achievement.

Salary is negotiable and benefits include car, assistance with relocation expenses and pension scheme.

Applications in confidence to:—
The Chairman,
Northern Cooperative Society Limited,
Millbank House,
Berryden Road,
ABERDEEN AB9 2WE

Marked "CEO APPOINTMENT". Closing date for applications is 24th March 1978.

General Manager

£25,000 + car

Our client is a major international Company with an enviable record of growth and profitability. As part of a general programme to broaden the base of the business a new Division has recently been set-up to manufacture a product which uniquely combines food and electronic/electromechanical equipment. This is now being sold both in the UK and in several continental countries. Sales turnover has trebled in the last twelve months and is forecast to treble again this year. New factories have just been completed to meet this growth plan and availability of funds will not be a limiting factor.

The Division now justifies its own General Manager and, unusually, the Company is considering the possibility of making an external appointment.

We should therefore like to hear from managers, 35-40, with an engineering or other numerate/technical background, whose experience has included the manufacturing and marketing of technical industrial products as we already have the necessary consumer product skills.

Decision making is highly decentralised and the position will appeal to a go-getter, whose present company's standards or environment may currently constrain his/her capacity for achieving results.

Generous conditions of employment will match the salary quoted. Location is Home Counties.

Ref: W4876/FT

Replies will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

Corporate Finance and Systems

London — **c. £10,000 + Car**

A significant and highly successful public group with activities in market research, publishing and computer services wishes to appoint a Chartered Accountant. The position is a new one and arises because of the expansion of the group both in the U.K. and overseas.

The successful applicant will act as assistant to the Group Finance Director and be responsible initially for:—

(i) Corporate planning including preparation and control of 5 year plans, optimum utilisation of cash resources, and tax planning.

(ii) Liaison with the Group auditors to ensure the planning and implementation of common control systems throughout the group companies.

Candidates should be Chartered Accountants aged 28-32, preferably still in the profession, who now wish to move to a particularly challenging position in commerce. Career prospects are excellent. The remuneration package is negotiable and will reflect the importance of the appointment.

Candidates of either sex should apply in their own handwriting giving personal details and an outline career history, quoting reference: FT/78/F to:—

TYLB
Turquand, Youngs & Layton-Bennett,
Management Consultants,
11 Doughty Street, London, WC1N 2PL

Director

An outstanding Company Director is required to represent Thomas Tilling Limited on the Boards of subsidiary companies.

This is an unusual opportunity to join the Central Executive of this leading Group of companies in a demanding and stimulating career appointment.

Only director level candidates, aged 35/45, with highly successful management and leadership records and possessing a good degree or professional qualification should apply.

Full written details in strict confidence to P.M. Meaney, Group Managing Director, Thomas Tilling Limited, Crewe House, Curzon Street, London W1Y 8AX.

NOLTON MONEY BROKERS LTD.

require

Experienced Local Authority Dealers

Salary commensurate with experience. Ring or write to: A. J. Allright. Nolton Money Brokers Ltd., 74-75, Watling Street, London EC4M 9BJ. Tel. 01-248 0691.

FIRST-CLASS OPPORTUNITIES

available to qualified, student and experienced accounting personnel
Contact Alec Moore on 01-628 2691

DRAKE ACCOUNTING

Treasury Management

Central London c.£7,000

The Rank Organisation is a diverse international company with a turnover in excess of £440 million, with important interests in manufacturing, service and the entertainment industries.

Following the appointment of a Group Treasurer a year ago, the opportunity has arisen for an Assistant to join the central Group Treasury function, to assist the Group Treasurer in cash management, working capital control and foreign exchange management, including the optimum use of the existing cash resources and the forecasting of future requirements both in the U.K. and overseas.

The successful candidate will be expected to make an immediate contribution to the financial management of the Group, be able to advise and assist Group companies on cash management and foreign exchange, become involved in wider aspects of corporate financial management and demonstrate an ability to take on increased responsibilities in a relatively short time.

Preferably aged 24-28, the successful candidates must have a good relevant degree and or professional qualification together with experience of the money-markets, foreign exchange and banking, gained probably in the City or in the Treasury Department of an international company. Experience of the application of computer techniques to financial management would be an asset. The ability to work with and respond to the needs of top mangement is an essential qualification for the position.

Based in the executive offices in Central London, conditions of employment are competitive with those of other major industrial groups.

Please apply in writing giving full details of relevant qualifications and experience to:

Mrs. V. Apps,
Central Services Personnel Manager,
The Rank Organisation,
11 Hill Street, London W1.

THE RANK ORGANISATION

Stockbroking

A New Firm

Office Manager

This is a rare opportunity to be in at the beginning of a new Firm to be opened shortly outside London. The Partnership is small, highly experienced and it has exciting objectives.

Applications are invited for the above important appointment and the preferred age bracket is 30/40. Whilst this is always a key appointment it is particularly so here. Candidates, male or female, who have appropriate Stockbroking experience in London or the provinces will be of interest. They should be able to relate to a small team and bring lively dedication to the situation. Remuneration is negotiable and there will be assistance with relocation expenses if needed.

Please write, or telephone, in complete confidence to J. Findlgan, Personnel Services Division of:-

Spicer and Pegler & Co.,
Management Consultants,
3 Bevis Marks,
London EC3A 7HL.
Tel: 01-283 2683

Banking Administrator

£8,000+

A small foreign merchant bank, with fast developing business covering bond issues, Eurobond dealing, investment management and some corporate finance, needs a young, experienced banker to take charge of the whole "back office" administration and accountancy, currently being computerised.

He/she must be professionally competent, capable of managing a staff of up to 10 people, and with the potential to grow with the bank.

Interested applicants should reply, in confidence, giving full career details and quoting Ref. No. 452/1/FT.

Charles Barker-Coulthard
30 Farringdon Street, London EC4A 4EA.
Telephone 01-236 0526

COMPANY SECRETARY

The Scottish Investment Trust Co. Ltd. is seeking someone to join the staff now, with a view to his/her succeeding the present Company Secretary when he retires next year.

Applicants should be professionally qualified, and ideally should have several years experience and a good knowledge of accounting, taxation and company law.

The Secretary is responsible for the normal statutory duties and liaison with the Company's Registrars, as well as for the preparation of Reports to stockholders. The work is varied and interesting, calling for a certain versatility. Although the Company is among the largest of U.K. investment trusts, with assets of £108m., the staff is relatively small in number.

Remuneration will depend on qualifications and experience. The Company has a good contributory pension scheme.

Applications, which will be treated in confidence, should contain relevant details of career and salary progression, age, education and qualifications, and should be sent to:—

The Manager,
The Scottish Investment Trust Company Ltd.,
6 Albyn Place,
Edinburgh EH2 4NL.

هكذا من الأصل

DEPUTY MANAGER—LOANS ADMINISTRATION £8,000+Benefits

A leading International Bank seeks to appoint a well-qualified Banker to the above position. A broad Banking background is required, culminating in extensive exposure to all aspects of the administration of Eurocurrency loans, both corporate, and syndicated. Responsibility for the supervision of 20 staff means that personal qualities of leadership and the ability to co-ordinate are of paramount importance. Age range 30-35.

Please telephone Brian Durham

GENERAL MANAGER'S ASSISTANT c£6,500+Benefits

A well-known Overseas Bank requires an ambitious Banker with experience in the preparation of lending propositions, to fulfil a support role to the General Management. Specific areas of Credit include Eurocurrency corporate, syndicated and shipping loans, and the successful Candidate will also have an appreciation of Foreign Exchange and Documentary Credits procedures. Age range 28-35.

Please telephone Brian Durham

CREDIT ANALYST £7,000 + Bonus

Active and expanding Consortium Bank needs Banker with minimum 2 years' experience of Corporate Analysis. Good standard of education essential, and A.I.B. preferred. Outstanding prospects. Age range 26-32

Please telephone Mark Stevens

CREDIT ASSISTANT £5,250

Excellent opportunity for ambitious Banker with Loans Administration experience and some exposure to Analysis, to join thriving American Bank in City. Age range 23-27.

Please telephone Mark Stevens

INTERNAL AUDIT £5,500

European Bank requires Banker with minimum 4 years' general experience and at least 1 year's Audit, to join small team. Prospects for appointment to Officer status are good. Age range 25-28.

Please telephone Rod Jordan

LOANS ADMINISTRATION £5,000

Young and dynamic U.S. Bank seeks experienced person with minimum 2 years' Loan background. Personal qualities of drive and ambition are essential in competitive atmosphere. Age range 22-25.

Please telephone Richard Cooper

BANKING PERSONNEL
41/42 London Wall · London EC2 · Telephone: 01-588 0781
Recruitment Consultants

Chief Economist

BANK OF AMERICA invites applications for this senior appointment as Head of a small team of economists at the City headquarters of the Bank's Europe, Middle East and Africa Division.

The Chief Economist's responsibilities include:
- Analysing and interpreting economic and political developments with special reference to their effect on the Bank's existing and potential business.
- Forecasting major economic variables, in particular foreign exchange and interest rates, emphasising likely impact for the Bank.
- Advising senior management on economic strategies and lending opportunities.
- Maintaining relations with the Bank's major clients and providing specialised economic intelligence and information.

Qualified candidates will have had at least five years management experience in a senior economist position supplemented by an advanced degree in Economics and an M.B.A. Fluency in at least one major European language in addition to English would be an advantage.

Remuneration will reflect the importance of this appointment, and other fringe benefits are in line with best banking practice.

Applications containing full career details, which will be treated in confidence, should be addressed to: Assistant Vice President—Recruitment,

BANK OF AMERICA NT&SA,
25 Cannon Street, London EC4P 4HN.

MERCHANT BANK
SENIOR EXECUTIVE PROJECT FINANCE

We are a consortium bank headquartered in the City of London with an especially resourceful and homogeneous shareholder group. To support our growth we wish to develop our project financing capability and are seeking an individual with the following background:—

7-10 years' experience with an engineering or construction company actively involved in major international project planning and execution.

Engineering background and familiarity with a broad range of projects.

Good contacts among leading international engineering and construction companies.

Direct contacts in countries/areas where major projects are being undertaken.

Preferably some foreign language ability.

This is a senior position which will be remunerated accordingly with good benefit package, including favourable house mortgage facilities.

Qualified individuals should send, in complete confidence, a hand written letter describing the reasons for applying, together with a Curriculum Vitae to—

George H. Hoffman,
Managing Director,
LONDON & CONTINENTAL BANKERS LTD.,
2, Throgmorton Avenue, London, EC2N 2AP.

Texas Commerce Bank

Texas Commerce Bank is seeking two candidates of exceptional capabilities to join their rapidly expanding Middle East Section.

One candidate will be based in the representative office in Bahrain and be responsible for business development in a specified group of countries in the Middle East. Heavy travelling is required and the candidate should have a minimum of 2 years calling experience in the area. Ability to speak Arabic and/or French would be a definite advantage.

The second position is based in Texas Commerce Bank's head office in Houston. The candidate will likely have a strong credit background as well as business development experience. Responsibilities will include preparation of credit presentations and account management for Middle East clients operating in Houston and Southwest U.S. clients operating in the Middle East. Limited travel required. Fluency in Arabic and/or French an advantage.

Excellent Salary and benefits commensurate with experience.

Please submit resumé with salary history in confidence to:

Personnel Director
Texas Commerce Bank NA
44 Moorgate
London, EC2R 6AY
An Affirmative Action Employer M/F/H

EURO-DEPOSIT DEALER

is required by established American Bank to join team of Traders in London.

Applicants should ideally be aged 23-27 with minimum two years' experience in deposit market.

Salary and usual fringe benefits commensurate with position.

Interested people should write with details of experience to:

D. J. Riordan,
UNITED CALIFORNIA BANK,
California House,
36/39 Essex Street,
London, WC2R 3AS.

Thomas Cook
Project Manager
Not less than £6,500

Thomas Cook Bankers Limited, the Company within the world's largest travel organisation with a rapidly expanding share of worldwide travel-related banking services, require a Project Manager to undertake development projects in the banking field.

The man or woman selected will be responsible for investigation of all technical, legal and commercial aspects of each new project to ensure successful implementation.

Preferred candidates will have a general banking background including experience of international money transfer and foreign exchange, preferably in the systems sphere; O & M experience useful.

Salary not less than £6,500 per annum, and other major Company fringe benefits. The position is based at Thomas Cook Administration Headquarters at Peterborough.

Please apply giving details of your career and present salary to:—

Personnel Manager, Banking,
Thomas Cook Group Limited,
P.O. Box 36,
Thorpe Wood,
Peterborough PE3 6SB.

Jonathan Wren · Banking Appointments
The personnel consultancy dealing exclusively with the banking profession

SENIOR ACCOUNTANT
TO £6,000

Our client, a leading international investment bank with a substantial operation in London, wishes to make an appointment within its Administration and Accounting Department. The requirement is for a person aged 25-35, who has gained experience of accounting and the settlement of Eurobonds in a merchant bank or similar environment. The successful candidate will be involved in varied duties covering most aspects of the administration of an investment banking operation.

We have arranged to forward applications directly to our client. Please, therefore, include with your application a covering letter naming any companies you do not wish us to approach.

Please write to, or telephone:—

KENNETH W. ANDERSON (Director)

170 Bishopsgate London EC2M 4LX · 01-623 1266/7/8/9

DEVELOPMENT OFFICER
DEVELOPMENT MANAGER
REQUIRED FOR A BANK

For a new Bank in London, we are looking for persons having banking background with special emphasis on deposit mobilisation and business development.

Write Box A.6298, Financial Times,
10, Cannon Street, EC4P 4BY.

CJA RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

A challenging appointment. A high level of autonomy will be vested in the successful applicant—Prospects of further increased earnings and to accrue capital

CJA

HOTEL COMPANY GENERAL MANAGER

THE GULF **£25,000-£30,000+(TAX FREE)**

WELL ESTABLISHED EXPANDING HIGHLY SUCCESSFUL HOTEL COMPANY—T/O CIRCA £10 MILLION

We invite applications from Hoteliers, aged 35-45, with not less than 8 years' successful hotel management experience, at least 2 of which must have been in running a successful first-class or luxury hotel, preferably overseas. The successful candidate will be responsible to the Chairman for the effective overall control of the Company's Hotel and allied operations encompassing the further improvement of services and will undertake total responsibility for the scheduling of equipment for additional accommodation involving decor, liaison with Architects, Project Managers, etc. to ensure a luxury hotel operation. The ability to plan and utilise the resources necessary to establish this hotel as the lead hotel in the luxury class in this attractive part of the Gulf is important. Initial salary negotiable, £25,000-£30,000—tax free, (although there is no bar to a higher salary for the right person) + house, + car, generous leave, free annual leave air passages, pension, children allowances, and air passages. Applications in strict confidence under reference HGM3838/FT, to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,
35 NEW BROAD STREET, LONDON EC2M 1NH - TELEPHONE: 01-588 3588 or 01-588 3576 - TELEX: 887374

CJRA

INTERNATIONAL MERCHANT BANKER

CITY **£15,000 - £20,000**

A solidly backed international bank with expanding and profitable operations is seeking an experienced banker to join its highly motivated and effective team. The successful candidate will have had several years of solid Eurobanking experience, including substantial work and travel in Latin America and/or Europe. He/she will have established contact in the financial communities of these areas so as to bring instant momentum to this position. He/she will be responsible for the origination, negotiation and completion of syndicated loans and underwritings including all organisational and administrative considerations. A very attractive base salary coupled with potential for a performance-related bonus and excellent fringe benefits make this a particularly attractive situation. Applications in strict confidence under reference IMB10095/FT will be forwarded unopened to our client, unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager:

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH

Financial Controller/ Administration Manager

SATEC Ltd, a wholly-owned subsidiary of Air Products Limited, is engaged in the design and supply of effluent and waste water treatment plant and equipment. The Company has achieved an impressive record of growth and profitability, and export sales account for a high percentage of the current turnover. The Company's offices are located at Crewe.

Heading up a team of experienced accounting and administrative personnel, you will be responsible to the Managing Director for all aspects of financial management, and also for the administration of the Company's offices and associated services. In addition to the normal Controller's responsibilities specific tasks will include the financial management of export contracts and the provision of timely and accurate reports in both sterling and dollars. As a member of the executive team you will also be expected to contribute to the overall management of the Company.

Aged 28 or over, you must be a qualified accountant (male or female) with experience of financial control/management in an engineering environment. Familiarity with multi-national company operations and computerised accounting systems would be advantageous.

The salary for this position will be first-class and a car will be provided. Financial help with relocation to the Cheshire area will be provided if necessary.

If you wish to be considered for this position please write for an application form to:—

Peter Scarborough, Personnel Officer,
Air Products Limited, Coombe House,
St. George's Square, New Malden,
Surrey, or telephone 01-942 2424
Ext. 543.

satec

Young Accountant
£7,000-£8,000

Mars Confectionery Division is a successful company in a highly competitive industry. Recent promotion has created an opportunity for a young, qualified accountant with some post-qualification experience.

Your responsibilities will include
- supervision and involvement with the preparation and interpretation of period and annual accounts and with the consolidation returns of the Confectionery Division of Mars Limited.
- close involvement with accounting for terminal raw material market operations.
- liaison with the financial planning department in order to assist with the preparation of monthly forecasts.
- the management and systems development of one of the two financial accounting departments.

Future opportunities will be available to broaden your experience within the finance function, and possibly other areas of the company. Career development can be rapid and some of our accountants who are aged around 30, are currently earning over £11,000 p.a.

Candidates, men or women, should be qualified accountants, probably with a degree, who are aged around 25 with professional or industrial experience.

You will be located at Slough convenient for both London and the pleasant residential areas of the Thames Valley. Assistance with house purchase and removal expenses will be provided where necessary. A non-contributory benefits scheme provides sick pay, life assurance, pension and four weeks annual holiday.

Please apply in writing giving brief details of age, qualifications and experience to: Chris Morgan, Personnel Department, Mars Ltd., Dundee Road, Slough, Berks. SL1 4BS.

Mars

PARTNER – INSURANCE BROKER – WEST END

Aged 28-32 **c.£10,000**

Our client, a three-man operation, is looking for a fourth member to join their Board.

Reporting to the chief executive, the new role will be one that requires: (a) strong sales/marketing skills in the general insurance area including life; (b) man management and administrative experience; (c) an ACII of graduate calibre.

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C. London **c.£7,000**

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Candidates will be chartered or cost and management accountants of over 30, who have had experience of the engineering industry with union involvement, of job costing exercises, of management reporting procedures, and of D.P. systems. The position will require a meticulous approach to ensure the thorough and accurate operation of the labour and materials accounting systems.

The situation will be attractive to a men or woman of 30 to 45, who, having acquired maturity and experience, is prepared to implement new systems from scratch and keen to prove themselves in the establishment of a new department.

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Please note: If possible, kindly give a telephone number. A reply will be given to all applicants within seven days.

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Responsibilities will include assisting the Chairman in vetting, organising and monitoring progress of new Group investments.

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Salaries are negotiable.

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MR. R. J. BREALEY,
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BARCLAYS

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Applicants should be graduates, preferably with a degree in Business Administration, and aged between 25-35. Previous relevant marketing experience in an international industrial products company is important.

Brief, but comprehensive details of career to date should be sent to —

Miss R. B. White
Assistant to the Group Administration Executive
Chloride Group Ltd.,
52 Grosvenor Gardens, London, S.W.1

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Elizabeth Graham—
Consultant
Tel: 01-629 7872
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Challoner Executive
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Telephone: 01-373 3176.

Completed application forms must be returned by 4th April, 1978

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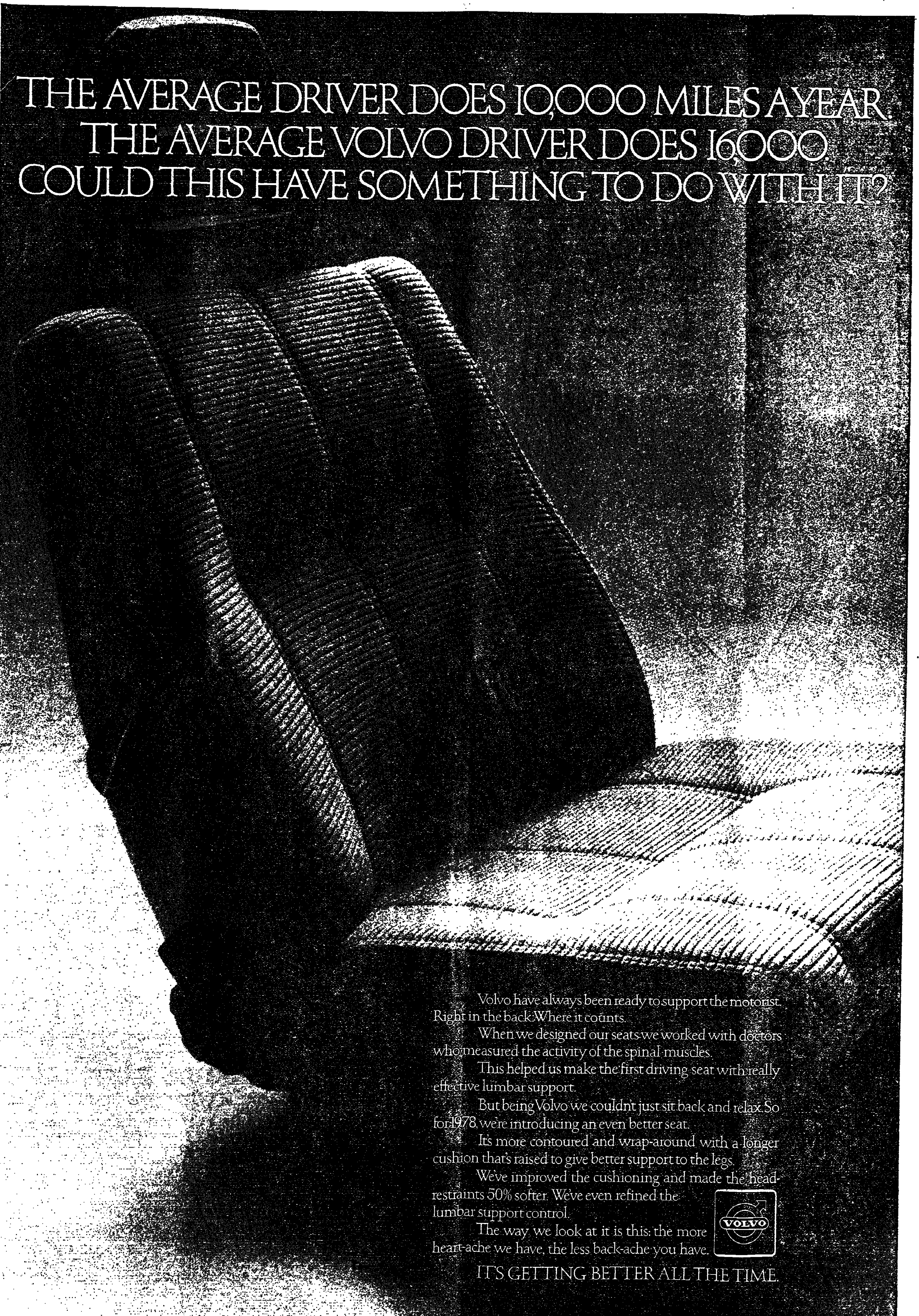
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MICHAEL BLANDEN, PETER RIDDELL AND DAVID FREUD INTERPRET REPORTS BY THE OECD AND THE BANK OF ENGLAND

Call for continued prudence to cut rate of inflation

SOME fiscal stimulus may be required in the U.K. to keep the growth of the economy in the 3 to 4 per cent. range, says a report published to-day. But continued prudence in demand management is needed if further progress is to be made in reducing the rate of inflation. The survey by the Organisation for Economic Co-operation and Development also effectively calls for a continued incomes policy, for flexibility in the setting and implementation of monetary targets and for policies which help to ease "the upward pressure on the exchange rate."

The organisation presents its views in the context of cautiously optimistic forecasts about the U.K. economy over the next year, with a distinct recovery in domestic demand, but continuing high unemployment and a deterioration in the foreign balance during this year.

"The broad economic strategy will best be based on the understanding that domestic and external requirements, judged both in the short- and medium-term contexts, call for a controlled expansion, which only seeks to absorb economic slack gradually.

"This may require some fiscal stimulus to prevent the slowdown in demand at present forecast for the second half of 1978 and to keep the growth of real Gross Domestic Product in the 3 to 4 per cent. range.

"But it will also call for further progress in reducing inflation and in reducing the rate of increase of domestic costs so as to maintain competitiveness and ensure both a continued healthy balance of payments and sustained growth.

"Policy-making would be facilitated, and the constraints on the expansion of activity would be reduced, if a consensus could be developed between the social partners, about wages and price objectives consistent with the simultaneous achievement of growing living standards and diminishing inflation."

There are severel reasons why an upturn in activity is now appropriate, including the heavy social and economic costs of high unemloyment and the beneficial effects of a recovery on profits and the rate of productive investment.

The organisation suggests that although "the external position is still vulnerable and the maintenance of a current account surplus is desirable, there is a question of the appropriate size of the surplus.

"Given the inevitable deficit of the OECD area as a whole, too large a British surplus would risk aggravating the position of deficit countries. A prudent expansion of British demand would keep the surplus within reasonable limits and help to sustain the international recovery.

"Some increases in domestic demand—and the policy stance needed to achieve it—may be consistent with the easing of the upward pressure on the exchange rate. The strength of sterling is a favourable feature in bringing down inflation, but it is clearly a matter of some concern in respect of its effects on competitiveness and on the resumption of self-sustained growth."

The survey notes earlier OECD comments about the risk that an appreciation would discourage investment, further diminish the competitiveness of British goods and ultimately contribute to the slow process of de-industrialisation in the economy as a whole.

"These conclusions remain valid, and in view of recent exchange rate changes, rather pressing in both the short- and medium-term contexts."

One important justification for continued prudence in demand management is that the rate of price increases is expected to remain well above the OECD average, and, reflecting the probable increase in labour costs under Phase Three, some increase in the rate of inflation may be apparent in the second half of the year.

The organisation argues that "to reduce the rate of inflation to more acceptable levels, the most promising approach may be one which—as over the last few years—aimed at achieving a large measure of consensus on permissible wage and price increases. Tax reduction could be beneficial in achieving desirable increases in real incomes without adding correspondingly to wage costs and thus to price inflation.

"At the same time, the scope for a fiscal stimulus is dependent on moderation of pay settlements after the end of Phase Three."

Tax reduction could be beneficial in achieving desirable increases in real incomes without adding correspondingly to wage costs and thus to price inflation

But it is difficult to provide guidelines for monetary policy in a situation where high cost inflation is coupled with large margins of slack, and where considerable uncertainties attach to exchange rate developments.

In view of the uncertainties also attaching to the basic monetary relationships, it was desirable to be flexible about monetary targets, taking as a base an average over several months. Also, it may be appropriate to consider a move to targets of a roll-over kind on perhaps a half-yearly basis.

The survey suggests that the medium-term growth scenario outlined in the March, 1977 study of the U.K. economy is still broadly valid. This indicated an annual rate of growth of Gross Domestic Product of about 3¼ per cent. (excluding North Sea oil) between 1977 and 1982, which could be consistent with a continuing large balance of payments surplus and with a gradual reduction in the unemployment rate to almost 3 per cent. by the end of the period.

But this rate of growth assumes price competitiveness during the period staying at least at the level attained in early 1977. Since then, the competitive position of British products had deteriorated—the relative average value of exports of manufacturers had increased by about 10 per cent.

The OECD assessment also indicates a slight downgrading of the estimated impact of North Sea oil on the balance of payments. The effect on the current balance this year is estimated at $4½bn. (at 1977 prices) this year, compared with a projected $4.9bn. on a similar price basis a year ago.

The respective figures for the next few years are $7½bn. ($8.5bn.) in 1980, $8½bn. ($10.6bn.) in 1982, and $9½bn. ($11.8bn.) in 1985.

The estimated contribution of North Sea oil to the growth of Gross Domestic Product is now estimated to be closer to ½ per cent (of Gross Domestic Product at 1970 prices) than ¾ per cent.

The main change in these projections, compared with those published by the OECD in its overall Economic Outlook last December, is the downgrading of the projected current account surplus this year from $3.4bn. to $2½bn., with less favourable export and import volume trends. Total domestic demand is projected to be slightly more buoyant than estimated previously—up 3 per cent. rather than 2½ per cent.

The OECD Secretariat says that while great uncertainties are still attached to a number of elements, particularly on the wage-price front, this year should witness a pick-up in activity and a growth rate in output which, for the first time since 1973, would be close to those of the potential expansion of the economy.

This is defined as close to a 2½ to 3 per cent. annual rate, including about ½ per cent. from North Sea oil.

The survey, in agreement with official thinking about a likely continuation of underspending of planned public expenditure, forecasts a rise in public consumption of some 1½ per cent. this year, but no change in public investment.

Coupled with a large increase in tax receipts, this may lead to a small fall in the budget deficit and of the borrowing requirement as a percentage of Gross Domestic Product, which suggests that the stance of fiscal policy will remain rather restrictive over the forecast period.

On inflation, the Secretariat recognises the considerable uncertainty over forecasting, but suggests that the recession and the favourable prices background should moderate settlements with a rise in average earnings close to 15 per cent. in the private sector and about 14 per cent. in the economy as a whole.

The decline in import prices in the second half of last year and the expected small rise during this year are expected to exert a strong dampening effect on the growth of consumer prices throughout this year, particularly in the first half.

The rise in consumer prices may continue to decelerate in the first half but some pick-up is likely in the second half because of the acceleration in the growth of average earnings.

Private consumption, which recovered somewhat in the latter part of last year, may continue to do so in the first half of this year, at an annual rate of 3½ per cent.

The survey suggests that a relatively large part of the December tax rebates was probably saved. The volume of household savings was therefore probably relatively high at the start of this year and some rundown may take place early in the year.

In the second half of this year, the acceleration in the rise in consumer prices is expected considerably to reduce the growth in real average earnings. Assuming no significant further fall in the savings ratio—which, at about 13½ per cent., will still be above its longer term trend—the growth of real consumers' expenditure should decelerate quite sharply to an annual rate close to 2½ per cent.

If these trends materialise, the level of private consumption in the second half of this year will exceed the peak level reached in 1973.

All major private investment components are expected to increase at a relatively rapid pace. The forecast assumes that, given the large margin of unutilised capacity, manufacturing investment will increase around 12 per cent., much less than the 17 per cent. suggested in the first survey made last summer, with the bulk, as in the previous year, taking the form of replacement investment.

Despite relatively large increases for two years running, the level of manufacturing investment this year will still be some 8 per cent. below the 1970 peak. Investment in distribution and services should also continue to recover, though at a much lower rate.

After the rundown in stocks in the second half of 1977, stocks are forecast to rise moderately in the course of this year. All the main domestic demand components are forecasted to be relatively buoyant this year, with a slowdown in the annual rate from a little over 5 to just over 3 per cent. between the two halves of this year.

The survey notes the deterioration in the U.K.'s price competitive position in the last year. By the end of this year this may at best be at about the same level as at the beginning of 1972, a little before the pronounced upsurge in imports.

The scope for a fiscal stimulus is dependent on moderation of pay settlements after the end of Phase Three

Largely as a result of this, the volume growth of exports (excluding oil) is expected to decelerate during this year to a rate somewhat below the growth of markets. However, this still compares favourably with the longer-term trend of an annual loss of market shares of some 4 to 5 per cent.

Reflecting the recovery in domestic demand, as well as the worsening in the competitive position, the volume rise of imports (excluding oil) is expected to remain substantial. The rise in non-oil imports, in volume terms, may be over 10 per cent., during this year.

Thus despite the favourable effects of increasing North Sea oil production, the real foreign balance is predicted to exert a small negative influence on the growth of Gross Domestic Product this year. However, a further relatively large improvement in the terms of trade is expected this year, partly because commodity prices are not likely to rise much this may largely offset the deterioration of the real foreign balance and lead to a current account surplus of about $2½bn.

Gross Domestic Product is expected to rise by about 2½ per cent. this year, but with the annual rate of growth decelerating to a little over 2 per cent. in the second half of the year. All these projections are on the basis of unchanged policies, thus taking no account of any budget boost.

With demand largely led by a recovery in private consumption and investment, manufacturing production is expected to increase at a somewhat faster rate than Gross Domestic Product during this year. But by the end of the year, it will still be somewhat below the peak level of 1973.

The labour force is expected to rise quite rapidly because of population effects, but this could be partly offset by a slower growth of female participation rates. These have been on a strong upward trend in the last 25 years but are likely to have been adversely affected by the high level of unemploymnt.

Consequently, the OECD Secretariat assumes a rate of growth of the labour force of about ½ per cent. during this year, slightly below the rate experienced in the last few years.

Because of difficulties in estimating productvity growth since the early 1970s and because of the various employment schemes—estimated to have kept 205,000 people off the unemployment register in mid-January this year, afte rallowing for displacement and under-registration—there are greater margins of error than in the past in forecasting changes in employment.

Owing to the lagged response to falling output in the first half of last year and a recovery of output biased in favour of high productivity growth sectors, notably manufacturing, the forecast assumes that employment will fall in the year to first half of this year. In the second half, employment is expected to rise a little, but the adult unemployment rate will probably stabilise at slightly over the current rate, at some 6 to 6½ per cent.

DEMAND AND OUTPUT

Percentage Volume Change from previous year (December estimates in brackets)

	1977		1978	
Private Consumption	−1	(−1½)	+3	(+2½)
Government Consumption	—	(+½)	+1½	(+1½)
Fixed Investment	−7½	(−7)	+5	(+3½)
Public Sector	−20½	(−17)	—	(−1½)
Private Sector	+2		+8	
Final Domestic Demand	−2	(−1½)	+3	(+2½)
Change in stockbuilding*	+½	(+½)	—	(—)
Compromise adjustment*	+½	(+½)	—	(+½)
Total Domestic Demand	−½		+3	
Exports	+6½	(+10½)	+4½	(+6½)
Imports	+4½	(+6)	+5½	(+4½)
Change in Foreign balance*	+½	(+½)	—	(+½)
Gross Domestic Product at market prices	—	(+½)	+2½	(+3)
Real disposable income	−2		+3	(+2½)

* As percentage of Gross Domestic Product in the previous period.
Source: Organisation for Economic Co-operation and Development

THE BULLETIN URGES CAUTION OVER REFLATION BECAUSE OF BALANCE OF PAYMENTS

Limited scope for tax cuts as a stimulus

THE IMMEDIATE scope for tax cuts as a stimulus to domestic demand is clearly limited by balance of payments considerations in view of the relatively sluggish expansion of the world economy and the U.K.'s poor record for efficiency and service.

This is the central conclusion of the economic assessment in the latest issue of the Bank of England quarterly bulletin published this morning.

The bank argues that the need for caution over a fiscal stimulus arises less from domestic considerations than from the international context. Failure to provide for a surplus on current account could risk unsettling external confidence.

Confidence

It suggests that after four years of stagnation and rising unemployment, it is clearly desirable that there should now be a phase of expansion, at a pace that can be sustained. At present, renewed expansion at a moderate pace should not give rise to inflationary pressures.

"While a fiscal stimulus would enlarge the public sector borrowing requirement, a moderate stimulus would appear compatible with maintaining control over the growth of the monetary aggregates.

"Success here, however, will depend on maintaining the present climate of financial confidence: for this the composition, as well as the size, of any fiscal package would be relevant.

"In contrast to increases in Government spending, tax reductions could be helpful, both in maintaining moderation in pay settlements and in marking a beginning to restoring incentives—both factors which would strengthen the prospects of the economy in the somewhat longer-term."

In a discussion of the economic outlook, the Bank still foresees a significant pick-up in the economy this year, though on the basis of present policies it may be at first somewhat less rapid than thought earlier.

The recovery in consumer demand, now apparently under way, seems set to continue, and as a result real consumption by the second half of this year should be 4 to 5 per cent. higher than a year earlier.

The other components of expenditure are also likely to contribute modestly to demand, though the growth of exports will probably be less rapid than over the last 12 months.

Uncertainties

The rise in demand will not be fully reflected in the higher domestic output, because imports are likely to rise considerably faster than last year.

The bulletin draws attention to the uncertainties, notably over pay, though it suggests that after allowing for the changing composition of the labour force, productivity schemes, job mobility and other wage drift, earnings seem likely to rise by 13 per cent. or more during the present wage round.

The first impact of higher real incomes has been a rise in savings, which will probably be fairly temporary. Over the longer-term the present historically high rate of saving will probably fall if consumers are encouraged by a continuing decline in the rate of inflation.

The year-on-year increase in retail prices should continue to fall for some time. By the summer, the increase—fractionally below 10 per cent. in January—should be significantly below that figure.

The Bank says the prospects for next year are difficult to estimate. With favourable assumptions about inflation, consumer spending might continue to increase as rapidly as this year.

It seems likely that exports will grow less fast than world trade, which itself may be growing at a rate still somewhat slower than normal, but they should still grow faster than this year.

'Unclear'

This indicates a "highly unclear" outlook for expansion in 1979. The Bank's forecasts suggest that one possibility is that expansion will prove to be significantly more rapid than this year, which would be an argument against giving a large fiscal stimulus to the economy at this stage.

The current balance is likely to strengthen, mainly because of North Sea oil and there may be a surplus, as compared with a zero balance last year.

There are reasons for doubting whether there would necessarily be a further improvement next year in spite of a rise in the North Sea contribution.

The non-oil component is likely to be worse this year than last in terms of real resources, though not in value terms. Imports are likely to rise more rapidly in volume than exports and the same is likely to be true in 1979.

This year, the underlying trend will probably be masked not only by the effect of North Sea oil, but—even more important—by a large improvement in the terms of trade.

This can hardly be repeated and there may well be a partial reversal next year. In spite of North Sea oil, the balance on current account is unlikely to be as large as this year.

The bulletin repeats the call for a continuing current account surplus since, although debt may be rescheduled in part, there will be maturing debt obligations and continuing structural capital outflows.

The assessment concludes with the comment that the rest of the world will be continuing to expand relatively sluggishly.

In these circumstances, it will be difficult for this country to move *far* out of line; the balance of payments considerations just indicated make it necessary for re-expansion to proceed cautiously.

Bank of England Quarterly Bulletin; Volumne 18, No. 1; March, 1978; Economic Intelligence Department, Bank of England, London EC2R 8AH.

DCE AND THE MONEY STOCK (M3)

With individuals receiving large income tax rebates at the end of last year, sterling M3 continued to grow quite fast—despite last October's change in intervention policy.

£m. seasonally adjusted mid-month

	Oct. 1976-Jan. 1977	Jan.-Apr. 1977	Apr.-July 1977	July-Oct. 1977	Oct. 1977-Jan. 1978
Central government borrowing requirement	+1,170	+1,350	+1,070	+ 540	+1,500
Net purchases (−) of central government debt by non-bank private sector	−2,870	−1,105	−1,675	−2,380	−1,650
Other public sector*	+ 630	− 165	+ 155	+ 750	− 105
Bank lending in sterling to: U.K. private sector†	+ 995	− 120	+1,045	+1,240	+ 790
Overseas	− 185	− 35	+ 160	+ 210	+ 225
Domestic credit expansion	− 260	− 75	+ 755	+ 360	+ 760
External and foreign currency finance (increase −)	+ 255	+ 675	+ 935	+1,390	+ 700
Other	− 235	− 75	− 625	− 95	+ 205
Sterling M3	− 240	+ 525	+1,065	+1,655	+1,665
Percentage change in sterling M3	− 0.6	+ 1.3	+ 2.6	+ 4.0	+ 3.9
M3	+ 235	+ 765	+ 845	+1,580	+1,205
Percentage change in M3	+ 1.3	+ 4.2	+ 4.4	+ 7.9	+ 5.6

* Other public sector borrowing requirement, less purchases of other public sector debt by the private sector (other than banks). † Including commercial bills held by the Issue Department of the Bank of England.

Overseas inflows still affecting money supply

THE U.K. money supply has continued to be affected by inflows from abroad in recent months, though on a much smaller scale than in the period before the pound was allowed to float upwards at the end of October.

The Bank says that the growth of sterling money stock on the wider definition (M3) has continued to run at rates above the official target range for the current year of 9-13 per cent.

The decision to allow the pound to rise reduced the contribution of external finance to sterling M3 between November and January by about half, compared with the previous three months. The latest three-month figure includes the effects of the heavy foreign exchange intervention in the second half of October.

Some external inflows have continued. Elaborating on the explanation of their effect set out in the December Bulletin, the Banks says that "external inflows have still—though to a much smaller extent than earlier—been adding to the expansionary pressures on sterling M3.

"Although the exchange rate has no longer been held down at a fixed level, a degree of intervention has continued in order to maintain the orderliness of the foreign exchange markets."

This involved buying and seling dollars. But "the scale of speculative offerings of dollars was such that over the January banking month, the purchases quite substantially exceeded sales."

Moreover, the external finance of the public sector was affected by foreign currency swaps. "Short-term swaps were at times carried out to even out surpluses and deficits in the sterling money market; such swaps can be expected to have their counterpart almost entirely in overseas sterling deposits and the banks' net foreign currency position."

There were also maturing longer-term swaps from previous operations arranged to meet heavy end-year government foreign payments. "Such swaps, especially short-dated ones, are unlikely to have a large effect on sterling M3."

In spite of last year's fall in interest rates, there has been little change in the rate of growth of bank lending in sterling to the private sector.

The underlying rate of growth has remained at about 1 per cent. a month during the current financial year.

"But this disguises the fact that, in real terms, bank lending has recently started to rise rather than fall. The rate of inflation has declined over the past year from around 1½ per cent. a month to something around ½ per cent., bringing down with it the growth of firms' working capital needs."

In the three months to mid-January, as in the two previous quarters, the central government borrowing requirement was more than covered by sales of central government debt outside the banking sector, even though these were below the exceptional sales of the previous three months.

Christmas once again proved to be a period of strong demand for gilt-edged, with expectations of falling interest rates.

Sales of certificates of tax deposit, exceptionally high in the three months to mid-October, fell back in the following two months as their rates became less competitive. In January, certificates began to be surrendered to meet tax payments, and the private sector also continued to run down its holdings of Treasury bills.

On a calendar basis, the Bulletin shows that in the December quarter, the authorities sold £2.075bn. net of stock, bringing the total for the first nine months of the financial year to £5.635bn. compared with £4.63bn. in the corresponding period of the previous year.

Net sales of long-dated stocks during the quarter amounted to £1.365bn., of medium-dated to £1.26bn. and of stocks within one to five years of maturity to £840m. Two stocks matured during the quarter, 3 per cent. Treasury 1977 and British Transport 4 per cent., with £250m. and £85m. respectively in market hands.

Sluggish growth of world economy could continue

THE WORLD economy is expected to continue to expand at a relatively sluggish rate, says the Bulletin. And prospects that it will grow faster this year than last are not good.

The Bank is doubtful whether growth in the OECD will be much faster than the 3.5 per cent. achieved last year. If there is slightly faster growth in the open economies of Europe, world trade may grow faster this year than the depressed rate of 1977.

Fiscal policy in the U.S. is not expected to be particularly stimulating overall, in spite of the package of tax cuts proposed by the Administration worth $24.5bn. and its growth target of 4.5-5 per cent.

A large part of the tax cuts will simply go to offset higher social security contributions and fiscal drag, says the Bulletin.

Consumption in the U.S. may rise more slowly than last year and rising interest rates may also deter investment, particularly housing. The most likely prospect is for rather slower U.S. growth than last year's rate of about 5 per cent.

The Japanese Government have set a 7 per cent. growth target for the fiscal year ending in March 1979, and have introduced a moderately stimulatory budget in support. The bank points out, however, that, "the outlook for private and particularly business spending is doubtful."

In West Germany the authorities have expressed unwillingness to take any further stimulatory action until later in 1978. Their forecasts puts 1978 GDP growth at 3.5 per cent. compared with 2.5 per cent. in 1977.

There is a limit to what the other European countries can achieve on their own due to balance of payments constraints.

Surplus reflects large inflows

THE very large inflows into the U.K. last year were reflected in a large surplus on the U.K.'s balance for official financing—the item in the payments accounts which combines the total impact of current and capital account movements.

The Bulletin says that, while the scale of inflows was large last year, it was by no means unprecedented. The Bank has carried out an exercise which adjusts movements in earlier years to allow for the growth in the value of transactions, as measured approximately by the change in trade values.

This shows that "flows in 1971-72, also a time of changing fortunes for sterling and the dollar, were comparable with those in 1977."

Comparing last year with 1971 on this basis shows that the balance for official financing was large in 1971, mainly because of a stronger current balance. Capital flows were of roughly the same magnitude, but the proportion of short-term flows in 1971 was greater, including a much faster build-up of official sterling balances.

The small growth in official holdings last year reflected the success of steps to reduce the role of sterling as a reserve currency. Another important influence last year which did not exist in 1971 was the effect of the exchange control restrictions on the sterling finance of third country trade, introduced in late 1976.

"These were estimated to have brought about a once-for-all inflow of about £1bn. by the middle of 1977 as U.K. merchants switched to foreign currency financing."

COMPARISON OF SCALE OF CAPITAL INFLOWS

£ millions: in 1977 trade values

	1971	1972	1976	1977
Current balance	+ 3,667	+ 394	−1,323	− 35
"Short-term" flows: Non-official gilt-edged holdings	+ 280	+ 338	+ 139	+ 979
Sterling holdings of: Central monetary institutions	+ 2,339	+ 751	−1,758	+ 153
Other holders	+ 2,421	− 285	+ 305	+1,471
U.K. banks' net external liabilities in foreign currencies	+ 652	− 795	− 325	− 355
Other short-term transactions	+ 300	− 986	− 679	+ 121
Balancing item	+ 873	−2,200	+ 341	+2,596
Total "short-term" flows	+ 6,865	−3,177	−1,976	+4,965
Other "structural" flows	+ 208	−1,176	−1,036	+2,433
Balance for official financing	+10,740	−3,959	−4,335	+7,363

Recession keys are imports and savings

TWO MAIN causes of the present U.K. recession are isolated in a discussion paper published in the bulletin. They are an increase in private savings and the higher relative import prices caused by the 1972-74 boom in world commodity prices.

The paper was written by Mr. Christopher Taylor of the Bank's Economic Intelligence Department and was originally produced for a meeting of the Bank's Panel of Academic Consultants. It is the first time a paper for the panel has been made public and the Bank emphasises that the views are those of Mr. Taylor.

The paper identifies the principal components of total demand in real terms and assesses how they changed in the 1975-77 recession from the earlier 1963-74 period in which output and unemployment were nearer full employment levels.

Mr. Taylor makes the qualification that in concentrating on aggregate demand he does not mean to imply that other causes of high unemployment in recent years—such as increases in real wages affecting the demand for labour—are not worth exploring.

"But to the extent that weak demand is thought of as a major cause of the recession, it is important to examine in some detail where the deficiencies have occurred."

Overall, there was a 6.75 per cent. shortfall in the components of demand in the recession compared with the earlier period. This was closely matched by the 7 per cent. shortfall of GDP from the high employment trend represented by the 1963-74 period.

An increase of 5½ per cent. in the ratio of net private financial saving to actual income was a strong depressing factor in the recession. Although both higher saving and lower private investment played a part, investment held up relatively well, leaving higher saving to account for most of the increase.

Mr. Taylor comments that it is not difficult to find plausible explanations, among them the impact of rapid inflation on real asset values in the personal sector and on company profitability.

The shortfall of overseas output below the earlier trend was the most important single factor tending to depress U.K. activity, through its effect on exports.

However, the faster trend growth abroad compared with the U.K. was just sufficient to offset the shortfall, and recent improvements in U.K. trade competitiveness and a long-established trend of improved access to overseas markets were both strongly expansionary.

The net expansionary effect of exports was more than counterbalanced by deflationary factors on the import side.

The higher volume of import penetration was another depressing factor, contributing 7½ per cent. to the difference in GDP between the two periods.

Mr. Taylor points out that the combination of rising import propensities and export ratios has been a fairly common experience among industrialised countries in the post-war period.

By contrast the effect of the rise in relative import prices—depressing demand by 4.5 per cent. in the latter period—is a feature peculiar to the last few years.

Mr. Taylor points out: "Being a relative measure, its origin must lie mainly in the massive rise which occurred between 1972 and 1974 in the ratio of world commodity prices to those of manufactured goods."

The rise in relative import prices must have affected total demand mainly through its impact on real incomes, says Mr. Taylor. On its own this rise in prices will have reduced real disposable income in 1975-77 by 3 per cent.

FACTORS CONTRIBUTING TO THE SHORTFALL OF GDP IN 1975-77 FROM THE "HIGH EMPLOYMENT" TREND OF 1963-74

Percentage contributions to the difference between actual and "high employment" GDP in 1975-77.		
From net private "financial" saving:		−5.5
Saving	−4	
Investment	−1.5	
From balance of payments:		−3.75
Higher relative import prices	−4.5	
Higher volume import penetration	−7.5	
Lower export volume due to shortfall of world output below trend	−8	
Difference between trend output growth overseas and trend growth in U.K.	+8.5	
Other factors affecting exports	+8	
From fiscal deficit:		+2.5
Effect of GDP shortfall on unemployment benefits	+0.5	
Remainder (policy changes)	+2	
Implied total shortfall		−6.75
Actual shortfall of GDP below high employment trend		−7

A minus sign indicates that the relevant factor was tending to depress output. Percentages are heavily rounded. The difference between the implied total and the actual shortfall of GDP is due to short cuts in the calculation of effects.

PARLIAMENT AND POLITICS

MPs applaud Booth deal over jobs

BY IVOR OWEN, PARLIAMENTARY STAFF

WHILE BRITAIN will have to inform the EEC Commission on a quarterly basis about the take-up of the modified Temporary Employment Subsidy, the Government keeps the right to decide individual applications, Mr. Albert Booth, Employment Secretary, assured the Commons yesterday.

Complaints from anti-Marketeers about EEC "interference" with the Government's original subsidy—mainly from the Labour benches—were coupled with congratulations to the Minister on the success he had achieved in the negotiations in Brussels.

Mr. Douglas Jay (Lab., Battersea N.) summed up the feelings of the anti-Marketeers by stressing that Mr. Booth deserved great credit. He suggested that as a result of the £300m. programme of new and expanded job measures introduced by the Government, Britain would be hardly any worse off than if there had been no interference from Brussels.

Mr. Booth quickly confirmed that this had been "the object of the exercise." He told Mr. John Evans (Lab., Newton) that the modified scheme was not subject to veto by the EEC Council of Employment Ministers.

When Mr. Eric Heffer (Lab., Walton) looked to the Budget for more fundamental action to improve the employment position, Mr. Booth replied that a "boost to the economy" was absolutely essential to secure a reduction in the level of unemployment of the extent desired by the Government.

Mr. James Prior, shadow Employment Secretary, said that without special Government measures, the number of people out of work would be approaching 2m. The Government was now supporting up to 400,000 people.

Problems in the textile, clothing and footwear industries were structural, and could not be solved with temporary measures. "It is to the small firms of this country that we have to look for future employment prospects in the next few years."

The schemes announced by Mr. Booth should have been extended to all areas. Small firms would be helped more than anything else by a change in the Employment Protection Act. "The help you are giving is rather like putting your foot on the accelerator which keeping another foot on the brake at the same time," he declared.

Replying to Mr. Prior's point about the Employment Protection Act, Mr. Booth said: "I have never seen a solution to the country's unemployment problem in creating second-class workers in small firms."

The reason for extending the schemes only in development areas and partnership areas was that unemployment was higher in those places. "We still think there is a role for a measure which recognises regional difference in unemployment."

Liberals set to oppose dock work order

BY RUPERT CORNWELL, LOBBY STAFF

THE LIBERALS are causing embarrassment for the Government by threatening to vote against a Parliamentary Order that would implement the provisions of the Dock Work Regulation Bill of 1976.

The measure produced a Commons battle at the time, and was only carried after a Labour backbench rebellion which forced the dockers' exclusive "corridors" around ports to be reduced from five miles to only half-a-mile.

After consultations between Mr. Albert Booth, Employment Secretary, and his Liberal opposite number, Baroness Seear, Mr. David Steel has made it clear his party's 13 MPs will vote against the Order in its present form.

The Liberals opposed the Bill, and are now objecting to detailed provisions setting up local boards to administer the scheme. These would deal with employers and organise recruitment of labour.

Mr. Booth, however, is under pressure from dock union leaders to speed matters up. Last Friday he said in the Commons he intended to go ahead "soon" with the Order, and this was re-iterated last night by his department.

This stand mirrors the one the Liberals have taken—so far unsuccessfully, it would seem—to stop implementation of the Government's planned Electricity Bill. One of their objections there is to the unjustifiable increase in the Energy Secretary's powers.

Both reflect the Liberal's concern to give proof of its independence from, and influence upon, the Labour Government, in preparation for disengaging from the pact and fighting a general election.

Should the Government find it impossible to get amajority for the 60-clause electricity measure, it will be virtually obliged to come up with an abridged version dealing only with compensation for the Drax B power station and various nuclear safeguards.

Meanwhile, the Liberals are still insisting on a visible shift from direct to indirect taxation, as the price for their support of the Chancellor's Budget proposals, which will be incorporated in this summer's Finance Bill.

Statement on contract changes

IN A Commons statement yesterday on the new pay clauses in Government contracts, Mr. Joel Barnett, Chief Secretary to the Treasury, said that since July, 1975, it had been the Government's declared policy, approved by Parliament, to take compliance with pay policy into account in the granting of public purchasing contracts, and also in the granting of Government financial assistance to industry.

"The clauses introduced into new contracts, with effect from February 8, subsequently approved by the Commons, are designed to maintain that policy and to ensure that it is not eroded in circumstances where excessive settlements are reached after contracts have been awarded.

"In the light of representations made by the CBI and others, the Government has authorised certain amendments to these clauses with a view to clarifying and simplifying their operation, without detriment to this underlying purpose. The Government is prepared to incorporate these amendments into contracts let since February 8."

Mr. Barnett said that the amended clauses broadly required that any main contractor for work to a value of £5,000 or more should give an undertaking that his settlements since August, 1977, had been, and his future settlements during the currency of the contract would be in accord with pay policy.

"The clauses also require the main contractor to require the same undertaking to be given by any direct sub-contractor for work to a value of £500,000, or 5 per cent. of the value of the main contract, whichever is the less, subject to a minimum of £10,000. Special arrangements will apply to certain very large contracts.

"The clauses require all such contractors and sub-contractors to provide on request such information as may at any time be needed by the Department of Employment to check compliance with pay policy.

"In the event of non-compliance by the main contractor or any sub-contractor covered by the clauses, the Government will endeavour to secure re-negotiation of the excessive settlement. To this end, it will first seek discussion with the parties with a view to resolving the matter without recourse to action under these clauses.

"If, however, a breach of pay policy by a main contractor, or by a direct sub-contractor covered by the clauses, is persisted in, the Government will have the right to terminate the main contract or to withhold any payments for increased labour costs that may be due under variation of price arrangements. This right is subject to certain safeguarding procedures, including, following termination of a contract, a right of arbitration should the Government's good faith be in question.

"Where it is a sub-contractor who is in breach, then provided the main contractor takes correspondingly appropriate action against the sub-contractor, the Government will take no action against the main contractor, and will indemnify him against any loss necessarily incurred.

"In taking such action, or requiring it to be taken by a main contractor against a sub-contractor, the Government will have careful regard to all relevant factors. These will include the significance of the breach, having regard to the number of employees and the amounts involved, either in itself or in its wider repercussions. The Government will not take any action under these clauses which would cause wholly disproportionate damage to employment, industrial production or services. In the event that action had to be taken to terminate a contract, payment for work done prior to the certification of the breach would disallow an appropriate amount in respect of the element of profit. Unavoidable cancellation charges would be met."

Mr. Barnett added that the Government intended to keep these arrangements under review. In particular, the Government would seek further consultation with the CBI and others concerned "as to their operation in the context of any continuing pay policy, subject to debate by and the authority of Parliament.

"Such discussions would include the question of extending the scope of arbitration provisions. In the event of any modifications being made at that stage the Government would be prepared for them to be incorporated in contracts current at

Peers differ on threat of Scottish separation

By Philip Rawstorne

THE Scottish Nationalist threat to the unity of Britain was more dangerous than the country's recurrent economic crises, Lord Campbell of Croy (C.) told the Lords yesterday.

Opening the second day's debate on the Scotland Bill, the former Tory Scottish Secretary said that the SNP wanted the "Balkanisation of Britain."

He added: "They want Scotland as a separate nation, with its own defence force, a seat in the United Nations and the power to manage its own economic affairs and taxes," he declared.

Lord Campbell said that the SNP had placed the Government in a dilemma. But he suggested that the attempt to resolve it by the devolution measures could increase the dangers of separatism. Change and adjustments were neded in the Government of Scotland, he agreed. But the Government's proposals would require considerable revision and improvement. "We must not dash headlong into a constitutional muddle," he said.

Liberal peer Lord Beaumont abandoned his party's federalist policy to support independence for Scotland. Separatism would give England a healthy psychological shock, he said. It would help the movement towards a federal Europe, and it would be good for Scotland itself.

"The Scots could not govern themselves any worse than we have governed them." Britain's economic and financial policies had invariably been geared to what suited the South of England, he said.

Lord Beaumont added that he would support the Bill. "A mildewed crumb is better than no bread." But he hoped it would merely be a first step to separation.

Lord Thurso, another Liberal peer, said that although the Bill had serious faults, it marked the first glimpse of a new era of political progress in both Scotland and the U.K. "I hope it will be enacted and will be accepted by the Scottish people at the referendum," he said.

In a maiden speech, the Duke of Buccleuch said that he believed the Bill might provide short-term consolaton but long-term confrontation.

● Mr. Bruce Millan, Scottish Secretary, refused to be drawn and the Commons on the date of the Scottish referendum despite calls from MPs for it to be held in September.

Mr. Millan said he did not want to see any unnecessary delay and it would be held as soon as practicable after the Scotland Bill received Royal Assent.

Mr. Jim Sillars (Scot. Lab., Ayrshire S.) wondered what practical problems there would be in holding the referendum in September if Royal Assent was given in July.

Mr. Millan would not commit himself and said it was important to concentrate on the Bill getting Royal Assent before the summer recess.

● About 30 voters on the island of Foula yesterday recorded a last-minute vote in the Shetland Islands Council's referendum to see if the council is supported in its anti-devolution policy.

The council discovered that the Foula mailboat had been unable to make the crossing from the mainland because of stormy weather. An aircraft was chartered to take the ballot papers to the island yesterday morning and to make a return trip in the afternoon.

Tribunal cost

THE COST to public funds of the industrial tribunal hearing into the case of Mr. C. Gordon Tether is estimated so far at £5,000, Mr. Harold Walker, Minister of State, Employment, told the Commons in a written reply yesterday.

Davies gives assurance on trustee banks power

BY IVOR OWEN

A FURTHER assurance that the greater freedom now enjoyed by the 19 trustees savings banks will not result in them undertaking extensive borrowing on the money markets was given by Mr. Denzil Davies, Treasury Minister of State, in the Commons last night.

The Trustee Savings Banks Bill, primarily designed to clarify their legal status in regard to investment and mortgage lending, was given an unopposed second reading.

Mr. Davies explained that the Bill also sought to remove the confusion created by the fact that the 1976 Trustee Savings Banks Act left it unclear whether or not they had the powers to borrow.

The Bill confirmed that the trustee savings banks had powers to borrow and at the same time, introduced adequate safeguards for the exercise of this power.

The Minister stressed that the trustee savings banks would not use the powers provided by the Bill to change radically their mode of operations so that they became wholesale banks.

The Treasury had reached agreement with the Trustee Savings Banks Central Board on how its powers of control over trustee savings banks' borrowing should be exercised.

"It will be made clear to the trustee savings banks that they will be allowed to do only a very limited amount of money market borrowing, and that they would normally be expected to borrow on the money markets only to cover temporary liquidity crises brought on by sharp withdrawals of deposits," said Mr. Davies.

He described how difficulties arising over mortgage lending by the Birmingham Municipal Trustee Savings Bank had made it necessary to include a provision in the Bill putting beyond doubt the powers of the trustee savings banks to lend long term on the security of a mortgage.

The Birmingham Municipal Trustee Savings Bank was the successor body to the Birmingham Municipal Bank which had always engaged in mortgage lending and became a trustee savings bank only on the understanding that its mortgage lending policy could continue.

Mr. Davies stated that at the time of the conversion to the Birmingham Municipal Trustee Savings Bank on April 1, 1976, advances secured by mortgage totalled about £9m. Since that date, the bank had advanced some £2.5m. in loans secured by mortgages.

Because of the doubts about trustee savings banks' powers to lend on mortgage the granting of the mortgage loans concerned required to be validated retrospectively.

He emphasised that it was not the mortgages that had to be validated but the actual granting of the loans. "The trustees of the Birmingham Municipal Trustee Savings Bank might otherwise be held to have acted in breach of trust in advancing loans secured by mortgages when they may not have had the power so to do. But the loans themselves are valid, and, in the event of a default, the security would be enforceable so that the loans could be recoverable."

Welcoming the Bill from the Opposition front bench Mr. Peter Tapsell, a Conservative Treasury spokesman, pointed out that the trustee savings banks were the only sector of the national savings movement to have achieved growth in real terms in the postwar inflationary years.

He suggested that all the trustee savings banks — "the third force in banking"—were likely to extend their mortgage lending operations on a scale which would bring them into competition with the building societies.

If this was the aim of the trustee savings banks, said Mr. Tapsell, assurance would be needed that they possessed the necessary skills to operate in this entirely new field.

Du Cann seeks answers on pensions funding

BY LYNTON McLAIN, INDUSTRIAL STAFF

THE FUTURE funding of nationalised industry pensions was likely to be questioned by Parliament, Mr. Edward du Cann, chairman of the Commons Public Accounts Committee, said yesterday.

Over £2bn. of Treasury grants were likely to be needed to meet the deficit in the pension funds created by inflation, he declared.

At a public meeting of the committee, Mr. du Cann urged the Treasury to be "extremely prompt" in giving its conclusions on a review of the future of the grants to meet deficits in the British Rail pension fund.

The fund would be worth up to £1bn. in the decade to 1986. Already, "vast sums of money have been needed to top it up," he stated.

Mr. du Cann said it was vital to know whether the "hotchpotch of fully funded pension funds were really necessary, and whether all the schemes should be index-linked to the rate of inflation."

Sir Peter Baldwin, Permanent Secretary to the Transport Department, said the question of funding was very important. He was taking advice from Government actuaries.

In recent years, the British Rail fund had produced no return but as inflation fell, Sir Peter hoped it would again give a positive return.

Mr. du Cann was worried that the Department of Transport had no ultimate control over the use of the British Rail fund.

Commons—and its cries of anguish

WHEN THE broadcasting of Parliament begins after Easter, newspapers will have a vital role to perform in acting as a counterbalance, the Speaker of the Commons, Mr. George Thomas, said yesterday.

Speaking at a Parliamentary Press Gallery lunch, Mr. Thomas described the decision to broadcast proceedings as a major change in Parliamentary democracy. But he added that the Commons was too deeply rooted in history for its character to be changed by this innovation.

"Cries of anguish and anger, of agreement and disagreement, have characterised the chamber of the House of Commons for centuries.

"What the public must not be allowed to forget—and this is where I believe the Press has a role to play—is that despite the noise no one is ever prevented from getting his view expressed."

Mr. Thomas said some MPs not often heard on the radio might still be playing a full part in sustaining Parliamentary democracy. "It is a mistake, in my own judgment, to measure the contribution made to our democracy by the publicity which a Member is able to gain," he said.

Higher election deposit backed

A BILL sponsored by Mr. Greville Janner (Lab., Leicester W.) to raise the election deposit from £150 to £500 was given a first reading in the Commons yesterday. Voting was 158 to 60, a majority of 98.

Mr. Janner said that the National Front was set to put up 300 candidates in constituencies where there was not the slightest chance of saving their deposit. By doing this, the Front would have the right to free radio and television time.

RHODESIA'S INTERNAL SETTLEMENT AND ITS IMPACT ON WESTMINSTER

Tories make life hard for Owen

BY BRIDGET BLOOM

MRS. MARGARET THATCHER'S acceptance in the Commons last week that it might be "best" if the Patriotic Front leaders were included in a Rhodesia settlement may take some of the heat out of what has become in recent weeks, one of Parliament's more emotive and seemingly highly partisan issues.

Rhodesia has often aroused excitement in the past, but many observers see the renewed pressure on the Government in general, and on Dr. David Owen, Foreign Secretary, in particular, as almost unprecedented. Accusations that the Government's attitude was intolerable, or worse, have flowed thick and fast across the chamber, and not just from the far right.

Intolerable was the word used by John Davies, shadow Foreign Secretary, to describe Dr. Owen's attitude to the internal Rhodesian settlement, while an almost equally tough approach has been adopted by respected middle-of-the-roaders like Reginald Maudling and Jeremy Thorpe.

The sudden build-up of Parliamentary pressure is largely due to the Salisbury negotiations between Mr. Ian Smith and the so-called internal black leaders, Bishop Muzorewa, the Rev. Sithole and Chief Chirau, which produced an outline settlement on March 3.

Until the build-up began in January Dr. Owen had been noticeably sceptical about the Salisbury talks. But his current stance on the settlement—he has refused to condemn or endorse it and has several times called it a significant or important step—is seen as a marked softening by many observers in and out of Parliament. These include not only the controversial U.S. Ambassador to the UN, Andy Young, and the Patriotic Front leaders, who have pledged themselves to fight the deal, but also Bishop Muzorewa and Rev. Sithole, who now see some hope of Britain recognising it.

Inside Parliament, the reasons for the pressure are complex. From talks with MPs interested in African affairs, it would appear that Rhodesia leaves the British voter cold. The furthest most of the MPs would go was to see some potential connection between immigration and Rhodesia. It is felt, for example, that if whites were fleeing "black terrorism" in Rhodesia, anti-black feeling could rise in Britain, thus heightening both issues in an election campaign.

This does not mean that Rhodesia is not an electoral issue at Westminster itself. An attempt to embarrass the Government has certainly seemed to be one element in the Tory baiting of Dr. Owen, whose brusque and schoolmasterly manner in the House of Commons wins him few friends there.

A political factor of a different sort comes from the Conservative Party's own domestic problems. Given their disagreements on what might be termed real electoral issues, whether on prices, employment, monetary or immigration policies, many Tory MPs seem relieved to find an issue on which they apparently agree.

However, the contention of one former Conservative Minister that his party was, for the first time ever, completely united on Rhodesia was not borne out by conversations with liberal Tories, who contend that the Thatcherites are attempting to move the party to the right on Rhodesia as on other issues.

Though there are inevitably differences of emphasis, the main factor which now unites the Conservatives on Rhodesia is that they believe Mr. Ian Smith is genuine in his acceptance of majority rule. They therefore see every reason to encourage the internal settlement.

It is not hard to discover a degree of atavism on the far reaches of the Tory backbenches. There are those who believe that Mr. Smith, inheriting the mantle of Cecil Rhodes, should be allowed to do as he thinks fit. Others see the Salisbury deal as providing a much more moderate settlement than any which would be endorsed by the Soviet and Cuban backed Patriotic Front—a stand, above all, motivated by anti-Communism.

But it is what unites the middle ground of the Conservative Party that has made life so difficult for David Owen. In the view of most Tories, a settlement which meets, or would meet, when put to the test of Rhodesian opinion, all of those famous six principles, laid down a decade ago as criteria for British recognition of Rhodesia's legitimate independence, should be grasped wholeheartedly.

There is a simplistic side to this argument which angers those familiar with the daily complexities of Rhodesia. But the nub of the case is one which David Owen has found it hard to refute. He may try to point out the snags of what is only an agreement in outline. He and the Prime Minister may suggest that the Rhodesian situation has moved so fast, especially with the escalating guerilla war, that most of the six principles are of much less validity to-day.

But no British Parliamentarian and certainly not David Owen, despite his real and, to an Africa correspondent, quite justified reservations on the Salisbury deal, feels that he can turn down out of hand any agreement which apparently provides all Rhodesians with the right to choose their own Government at democratic elections.

Hence Dr. Owen's caution. It may well be that the Foreign Secretary feels that pressure can be resisted, balanced, as it is, by a small but vociferous band of Labour Left wingers for whom the Salisbury agreement is ideologically anathema, and by the Liberals, who see themselves occupying a key position between extremist views.

The coming months seem certain to produce more Parliamentary battles. For as long as the Salisbury agreement appears to offer recourse to democratic processes for all Rhodesians, for so long will Dr. Owen and the Government be under pressure at Westminster to recognise it.

Civil Service structure to stay, says White Paper

BY DAVID CHURCHILL

A NUMBER of specific changes in the organisation of the Civil Service are proposed by the Government in a White Paper published yesterday. But the Government does not intend to make any major structural changes in the Civil Service in the immediate future.

The White Paper was in response to the Commons Expenditure Committee's report on the Civil Service published last September. This contained 54 main recommendations on how the bureaucracy could be improved, the most substantial being a proposal that parts of the Civil Service Department should be transferred back to the Treasury.

However, the White Paper does not give a firm decision of this recommendation. It says:

"This is a question of the division of responsibilities between Ministers and is therefore a matter for the Prime Minister. He has considered this part of the committee's report very carefully. While he welcomes the emphasis which the relevant section of their report places on efficiency, he has not yet reached any view on this particular recommendation and will therefore continue to study the issues involved."

The Government says it has considered the Expenditure Committee's recommendations in the belief that the interests of the country are served best by a permanent, non-political Civil Service working under close supervision of the government of the day.

The White Paper makes it clear that the Government does not favour developments which detract from the principle that advice tendered to Ministers should be confidential and objective, or require civil servants, rather than Ministers, to defend Government policies before Parliamentary committees.

RECRUITMENT: Following the committee's criticism that entry to the Civil Service favoured those with public school and Oxbridge backgrounds, the Civil Service Commission is to collect and publish statistics to show the type and class of degree of applicants and recruits in terms of school and university attended.

"But the Government do not accept that academic performance is the only factor to be taken into account in recommending candidates for appointment in administration."

The Commission, responsible for recruitment, is to be changed in the light of the committee's recommendations. Two part-time Commissioners from outside the Civil Service are to be appointed to "enlarge the storehouse of experience."

The commission has also agreed to re-assess its selection procedures "both in substance and appearance," but does not accept that it has based appointments on interviews rather than written examinations.

TRAINING: The Government endorses the general principle of mid-career training for both specialists and generalists expected to reach high-level jobs.

Specific proposals for mid-career training will be introduced but the Government rejects the idea of a higher management training course from which all future senior civil servants shulod have graduated.

The White Paper rejects the committee's recommendation that the present system of recruiting and training high fliers — the Administrative Trainee scheme — should be scrapped. This scheme is currently under a separate review in Whitehall, the White Paper says.

PAY AND PENSIONS: The Government has foreshadowed the committee's recommendations on pay by agreeing to re-introduce a modified Pay Research Unit from April, 1979. On top salaries, however, the Government undertakes to accept the Top Salaries Review Body's recommendations "unless there are clear and compelling reasons for not doing so."

The White Paper also significantly disagrees with the committee's recommendation that cash limits should be fixed before pay talks are held.

"This recommendation does not correctly interpret the Government's statements about the relationship between cash limits and pay negotiations. The Government regard cash limits as a form of control over the amount of money to be spent on a wide range of goods and services in the year ahead, and not as a substitute for a pay policy in the public sector.

However, when a policy governing pay is in operation, it is to be expected that the cash limits will reflect that policy and the Government have made it clear that the assumptions used for setting the 1978-79 cash limits will be framed accordingly.

"The relationship between the setting of cash limits and pay negotiations is a complex one, depending on the timing of the settlement and its operative date. Most cash limits are set shortly before the beginning of the financial year so that account can be taken of the latest available information about the planned levels of expenditure and the prospects for prices in the year ahead."

To forestall public criticisms of Civil Service pensions the Government is proposing that, as part of the new pay research machinery, the Government Actuary should make an annual report, which would be published, setting out the advice he has given and the assumptions made.

OUTSIDE JOBS: The committee recommended that there should be a contractual or legal requirement for a civil servant to obtain the Government's permission when, after leaving the Service, he proposed to accept a job in a company with close financial links with the Government.

However, the Government has reservations about this suggestion. Apart from legal doubts, it points out that the present rules, which were changed only recently, already require all officers at Under-secretary level or above to obtain the Government's assent before accepting offers of employment in business or elsewhere within two years of resignation or retirement. They will continue to watch how these rules are working.

EFFICIENCY: The Government says it is in broad agreement with the committee's recommendations for improving Civil Service efficiency. It says it has already been able to comply with the recommendation that additional information on policies should be provided in the Public Expenditure White Paper or in separate departmental papers.

There is agreement with the committee's emphasis on accountability both in organisation and in reporting to Parliament so that accounts correspond with accountable units. But the White Paper points to the limited number of tasks in the complex and interrelated work of government to which the accountable unit approach can be applied successfully.

The White Paper also distinguishes between accounts presented to Parliament for the purposes of financial control and audit, and information gathered for "other managerial purposes." It says that the Supply Estimates could become unmanageable if they incorporated the latter type of management information.

On the idea of charging departments for common services, as the committee proposed, the Government reply argues that there are conflicting considerations—for example, on the one hand the incentive to economy, if the service is costly and the user is in a position to make choices, and on the other the advantages of the "allied service system," which allows expert knowledge to be concentrated in one department and avoids the administrative and accounting costs of repayment.

The balance of advantage in methods of provision and payment varies from service to service and will be reviewed as required by changing circumstances. For example, says the White Paper, there is no point in charging general office accommodation to departments since the main decisions on it are taken centrally.

RELATIONS WITH LOCAL GOVERNMENT: In a number of areas the White Paper disagrees with the committee's recommendations on relations with local government or makes clear that they are a matter for Ministers or Parliament to decide.

For example, it rejects the idea of setting up a joint body of senior civil servants and senior local authority chief executives to keep relations under review on the grounds that "the core of the relationship is political."

It suggests, instead, that the consultative council on local government finance could be a suitable forum.

The Government does not believe it would be right for the Comptroller and Auditor-General to take over responsibility for the district audit from the Department of Environment. It points out that the District Auditor has a statutory independence and that the Secretary of State for the Environment has no power to influence him in his duties.

There is no evidence that the independence of the district audit from the executive is not secured under the present system. Local authorities, moreover, are statutory autonomous bodies responsible not to Parliament but to their own ratepayers and electors.

A new advisory body on audit has been proposed in the Green Paper in response to the Layfield Committee.

Whenever new public sector bodies are set up, however, the Government will consider carefully whether the Comptroller and Auditor-General should audit or have access to their accounts.

There may also be circumstances, not definable in advance, in which the Comptroller should be afforded access to the books and records of other bodies which are in receipt of public funds for the purpose of a specific inquiry. Each case would have to be judged on its merits.

MINISTERS AND CIVIL SERVANTS: The White Paper rejects the argument that Civil Servants have as much, or greater powers than Ministers. "The committee's report attributes to civil servants powers which they do not have; it also detracts from the role of the Prime Minister.

"The Prime Minister decides senior appointments and machinery of government questions himself, after consultation as appropriate with his colleagues and the Head of the Home Civil Service."

The Government agrees with the committee that special advisers brought in by Ministers should become an accepted feature of administration. The working rule of the present Administration that Cabinet Ministers should not normally appoint more than two special advisers is "not immutable."

The Civil Service — Government observations on the 11th Report from the Expenditure Committee Session 1976-77. Command 7117; SO, 50p.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMPONENTS

Prints the hours data

A SMALL printer for use in conjunction with its flexible hours system has been introduced by Automatic Revenue Controls.

Weighing only three kilograms, the printer can be taken to the various wall-mounted control units at which staff key "in" and "out" and plugged in, whereupon it will print out four types of report on demand. On narrow gauge till-roll paper will appear a list of people keyed in at the time of the report, those keyed out, those who infringed the scheme rules that day (and how they did it), and the full status of everyone on the scheme showing total hours attended and by how much those totals vary from the month's target to date.

The printer operates on rechargeable batteries; however, if permanently mounted beside the key-in unit the cells can be trickle charged from the unit's power supply.

When so mounted the printer can also be set to print everyone's actual time of arrival and departure as they happen.

More from ARC, Shakespeare Industrial Estate, Watford, Herts (Watford 44300).

● TRANSPORT

Better for the driver

ANY DISTRIBUTOR who has to deliver packages to a number of destinations will be interested in a technique now in use on Tate and Lyle's vans. The company calculated that each driver transfers 10 tons of sugar each day into retail outlets, going through 800 movements to do so.

Metrication made the driver's work harder—it increased the size and weight of the packs. By adopting the Pengco air suspension, made by Crane Freuhauf Rigids, it has been possible to lower the back of the van platform by 4.5 inches to give a 37.5 inch platform height, enabling the driver to reach high loads more easily.

The Pengco suspension replaces the leaf-spring unit on the Bedford TK1470 rear axle. Tate and Lyle use these vans fitted with a Boalloy "Link-liner" sliding door body.

Trials with the new van in Liverpool have been so successful that 22 such vehicles have been ordered, and a phased replacement programme for the 100 vehicle distribution fleet will continue into the 1980s.

By replacing the leaf-springs and using low profile tyres, the platform height is lowered from 48 to 42 inches in the static ride position, and when the air bags in the Pengco suspension are deflated the platform is lowered by a further 4.5 inches.

Raising and lowering, using the vehicles brake air supply, is controlled by a three-position lever between the cab and the body. Levelling valves ensure that this movement is conducted evenly, and micro-switches fitted near to the bump stops on the chassis activate an audible warning in the cab if the suspension is not returned to the ride position before the vehicle moves off.

In 5,000 operating miles it has been found that the suspension has extended body and tyre life, and reduced chassis maintenance.

Details of the suspension from Crane Fruehauf, Hayes Gate House, Uxbridge Road, Hayes, Middlesex (01-848 0225).

● ENERGY

Coal to gas project

TEXACO and Southern California Edison have disclosed that preliminary engineering is under way to develop a major coal gasification demonstration project.

The programme is estimated to cost about $300m. The integrated gasification-combined cycle facility could be operational in the mid-1980s.

The project consists of a 1,000-tons-a-day demonstration system using Texaco's own gasification process. The proposed site is at Edison's Coolwater generating station near Daggett, 12 miles east of Barstow, Calif.

A full-scale development programme is contemplated, the companies say. It would allow two modes of operation. The first allows for a large coal gasifier developed by Texaco, with related gas clean-up equipment, to provide fuel for an existing 65-megawatt generating facility. The second mode of operation involves operating the gasification facility with a new gas-turbine combined-cycle power plant.

● COMPUTING

Nothing succeeds like success

BUILDING on the success of its 2903 small business system, for which the installed and on order figures now stand at over £260m., representing about one-third of total business, ICL is keeping the momentum going with the addition of three new central processors.

Peter Ellis, ICL's worldwide marketing director, told the Financial Times yesterday that the new machines were definitely not replacements for the three existing processors. They were complementary, would operate with all existing peripherals and software and offered greater communications capabilities than hitherto. This means ICL users who want to move towards distributed processing or increase their involvement in this method of operation now have equipment specifically designed for it.

Target for sales of the enhanced 2903 series over the next two years is £200m. and judging by the way these machines have been selling so far—2,500 installed or on order of which 60 per cent. outside the U.K.—this is achievable, especially in the present climate of computer user opinion which has sparked off the mini revolution and the move to local rather than tightly centralised operations.

The additions to the 2903, 2903/20 and 2904 have been dubbed the 2903/25, 2903/40 and 2904/50 which is hardly enlightening. However, the series now covers the cost bracket from £28,000 up to £¼m. The new introductions bring with them a facility called the peripheral highway which makes connection of novel peripherals a simple matter—among these is a 600 lpm printer able to produce six copies borrowed from ICL's big machine series.

Making work with many terminals that much easier is the provision of dual floppy discs and extra communications channels.

This means that larger units in the series will be able to handle more than 100 terminals such as displays. At the same time, the dual discs also confer ability to communicate with other manufacturer's equipment such as the IBM 3740.

New abilities demand new software and this is being provided through improvements to the multiple transaction system, so that many more concurrent programs can be handled, and to existing transaction processing software, where the company has come in for some criticism in the past.

With the launch, ICL has answered, at least partially, one question posed in the past by observers who were watching the 2900 large machines series extend downwards, while the 2903 and analogous machines were stretching upwards—where do the twain meet? Borrowing from the recently announced 2950 the ability to connect peripherals with greater ease and borrowing some of the peripherals is, in ICL's eyes, a method of giving "a clear path for 2903 Range users wishing to grow to the more powerful 2950."

Designed to fit office routines

FOUR-PHASE Systems has software and hardware to enable four primary office computing activities to be performed on a single distributed system.

Operating on a System IV/90 processor with expanded memory, the new multifunction executive, MFE/IV, lets users independently perform data entry, Cobol processing, word processing, and interactive 3270 inquiry to an IBM 360/370 mainframe.

The executive provides instant selectivity of any function at any of up to sixteen 1920-character video displays. Four-Phase software packages for data entry and retrieval, word processing, and Cobol operate concurrently and independently under the executive, which allocates processor and input/output resources to optimize system performance. Supported Four-Phase packages include Data IV, Vision, Foreword and Cobol.

In a typical application, an operator using the word processing mode to generate proposals can check current product availability by transferring to inquiry mode and accessing the headquarters database. Similarly, while new orders are keyed in through fill-in-the-blanks formats, the system can independently retrieve and enter customer data from local files, price and delivery data from central files, and print an invoice.

To support the multifunction executive and its associated program packages, two new memory modules have been announced for the ~~System IV/90. The~~ memory modules extend system memory capacity from 192K bytes to either 288K or 384K bytes.

More details on 06284 71921.

Sweda ready with store electronics

WAITING in the wings—like half-a-dozen other companies with similar equipment — is Sweda with its 80-S point of sale electronics system incorporating volumetric laser scanning of bar-coded products.

The Litton company has already sold some 35 systems in the U.S., with the laser unit, at a price believed to be in the region of $8,000 per checkout. In all there are now probably 200 installed systems of this kind in the U.S.

Basis of the equipment for each store is a dual processor with 32k words of core and 10M bytes of disc in each half; redundancy is used for good reliability. Data about daily store prices, changes of lines on sale and other changing information is keyed in on a management terminal in the back office, where there are also printers to provide turnover reports.

At each check-out the "cash register" terminal can be used alone, or with the scanner, and is driven by a minicomputer.

The keyboard is probably the most powerful seen to date. Apart from 12 direct entry department keys, the usual transaction buttons (cash, credit, sale, etc.) and the numeric pad, there is a "velocity" keyboard of 40 keys dedicated to faster-moving goods. A full alpha-numeric description is associated with each key, printed out on the customer's receipt.

The remarkable thing however, is that these 40 keys in effect become 200 by means of four hinged page masks which can be dropped on to the keypad. Each mask when in position obscures specific photocells under the panel, automatically adjusting the meaning of the keys both to the user and the drive units.

One of these pages could, for example be used for weighed goods such as meat categories—the assistant presses "lamb chops," the machine looks up the current price, and writes it all out on the customer's ticket. An electronic balance can be plugged into the terminal. A large "flag on a post" display enables the customer to see what is being printed on the ticket.

The scanner uses what amounts to four beams emanating from the sides of a rectangle and projected upwards from under the counter to cross over a few inches above it.

It is claimed that this device can "see" the bar code label when it is in almost any position, apart from on top of the product. Certainly in a recent London demonstration very few re-scans of items were necessary.

The principal problem with bar code scanning remains: until the majority of products have the code printed on at source, there is little point in making the investment, apart from in small scale in-house and own brand experiments.

But things are stirring. On January 26 the U.K. Article Numbering Association — with most of the country's food manufacturers as members—agreed on a number bank system so that it is now possible for them, and their counterparts in Europe, to bar-label products without ambiguity or confusion. A European article numbering code has been agreed: two digits for country identification, five for maker's identification, five for product identification, and a check digit.

GEOFFREY CHARLISH

● PLASTICS

Big injection moulding

TOOLING WORTH £¼m. has been ordered in the first stage of producing the largest injection moulded dinghy in the world—in fact, when production commences, which is expected to be late in 1979, the dinghy sections will be among the largest injection moulded components made.

Designed by Mr. Ian Proctor, who was responsible for the Topper dinghy which currently holds the record for the largest injection moulding, the new craft will also be marketed by the J. V. Dunhill Boat Co., Basingstoke, Hants.

With financial backing from the Guinness group, Dunhill has placed the tooling order with Rolinx, Manchester, an injection moulding subsidiary of ICI. The latter will supply the polypropylene raw material for the dinghy.

The single skin hull will be moulded in two halves with a centre line join, and 7 or 9 further mouldings will be made for fittings. Final decisions on the number of moulds and detailed drawings of the tools should be completed in about six weeks.

Machining of the two main hull moulds will be carried out by Shrewsbury Tool and Die Co., and will take about 14 months.

Overall length of the dinghy will be 12 feet 6 inches, beam 4 feet 6 inches, and all-up weight in the region of 160 lbs. Trials should start in August 1979 with the intention of a major launch at the 1980 Boat Show.

Main market for the craft is expected to be overseas, as the dinghy can be shipped in stacked parts allowing substantial reductions in transport costs. It has been designed for construction using mechanical fastenings, so that assembly can be carried out with semi-skilled labour.

Advertising and ...

Media rates rise 17.5%

LEST ANYONE imagined that U.K. media rates were propelling themselves skywards at an indelicate pace, the Advertising Association said yesterday that the average cost of buying advertising space or time in the U.K. last year was 17.5 per cent. higher than in 1976. This is shown in the association's latest combined index of media rates and compares with year-on-year percentage gains of 22.5 per cent. in 1976 and 26.9 per cent. in 1975, writes Michael Thompson-Noel.

The association's TV index rose marginally faster last year than the combined Press index. The former was 17.8 per cent. higher at 241.8 (1970=100). The AA's Press index rose 17.4 per cent. to a provisional 248.4.

MEDIA COSTS (1970=100)

	TV	Press
1971	109	109
1972	122	115
1973	133	119
1974	126	138
1975	153	178
1976	205	212
1977	241	248

Source: Advertising Association

The association said last night: "When seen against the 16 per cent. increase in retail prices, and the rapid rise in demand for advertising space in both Press and TV over the same period, these figures were only to be expected.

"Looking at the indices in a Long-term context—as one must to view rationally a commodity as volatile in price terms as advertising space in the main media—it is evident that over the past eight years taken together, Press and TV costs have risen roughly in line with the retail price index. But they have risen at a much slower rate than the wholesale price index, with which advertising, as an industrial input, should more properly be compared."

● GIVEN THE FERMENT in the whisky market—Bell's and Teacher's, with an estimated 38 per cent. of the market between them, go up in price next month, probably by 17p to 20p a bottle—Haig Whisky yesterday launched its 1978 campaign with ~~what it calls the biggest-ever~~ budget for a brand of Scotch: £1m.-plus. The campaign, through D'Arcy-MacManus and Masius (Masius Wynne-Williams and D'Arcy-MacManus as was) is designed to reassure whisky drinkers that despite recent market upheavals, Haig will continue to offer the "same high quality and the same good value."

● BIRD'S APEEL, the first brand assignment from General Foods for the U.K. arm of Ogilvy Benson and Mather, will be launched nationally on April 10 with a £660,000 TV budget. Bird's Apeel, already successfully launched as Tang in Australia, Brazil, Canada and Venezuela, is a powdered drink in orange or grapefruit. Test marketed in Tyne Tees, Border and Yorkshire, it became the fastest-growing brand in the orange drink market (including juices) and took the leadership in the powdered market with a 60 per cent. share. Housewives spend £35m. on citrus fruit drinks.

● IN AN IMPORTANT move for the independent media and creative sectors, Braun Electric (U.K.) has said that following its decision to terminate its account with Roe Downton (part of Saatchi and Saatchi) it will use independent media and creative specialists for the major part of its £1m.-plus campaign this year. No appointments have been made. Creative briefs will be handled on a competitive basis.

Britain's independent media buyers already handle an estimated £50m. worth of business and made some big gains last year.

● RHM FOODS is launching another Bisto gravymaker this week—instant Bisto Rich Gravy Granules. There is a gravy war in progress. Total value of the vegetable and meat extracts sector, at shelf prices, is around £50m.

● SELLOTAPE, one of a £1m. package of accounts resigned recently by The Kirkwood Company, has gone to J. Walter Thompson. The budget is unknown.

● FOSTER TURNER AND BENSON says it is firmly re-established as a force in financial advertising and PR with the gain so far this year of five assignments with a billings equivalent of £500,000-plus. The accounts include work for Fitch Lovell, Gresham Life and the Bank of Credit and Commerce International.

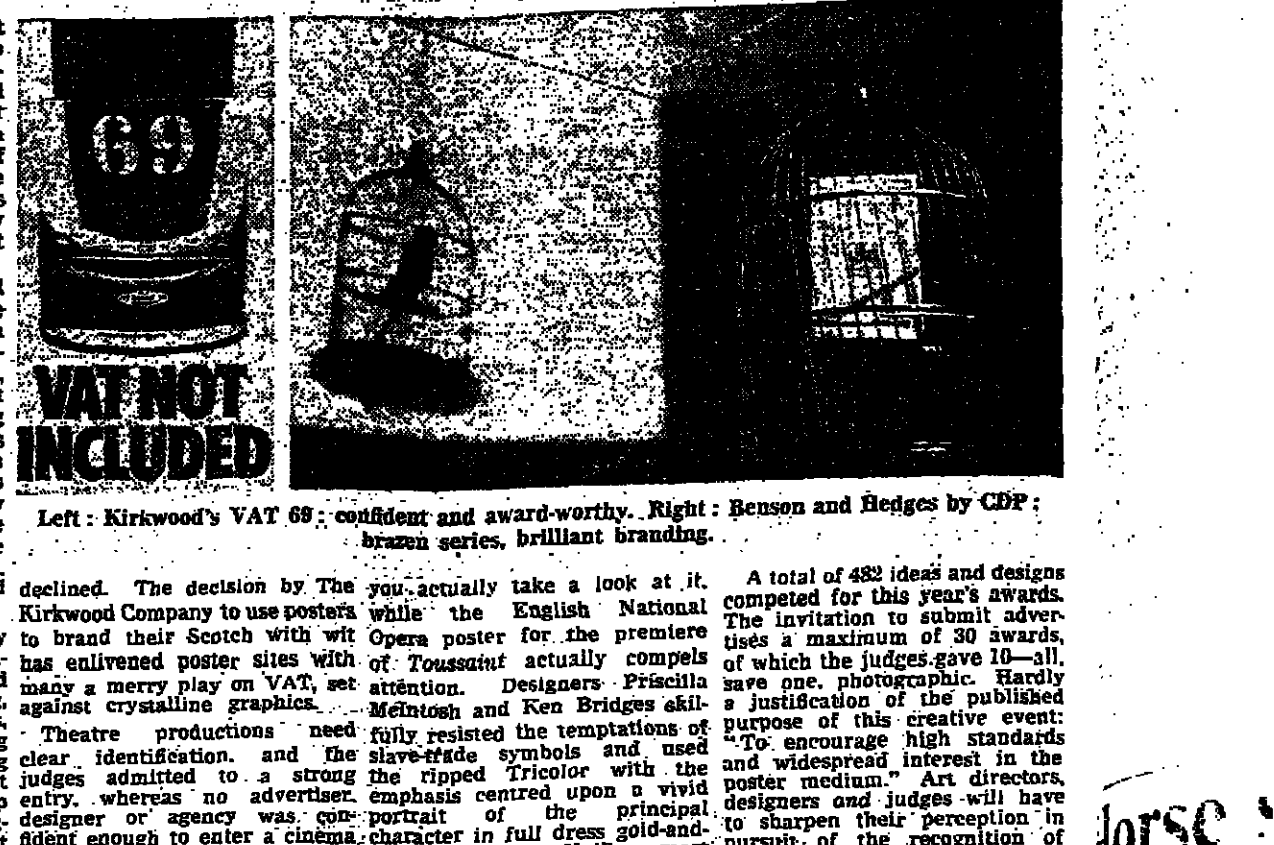
● SIMON BARROW, chief executive of Ayer Barker Hegemann, has been elected to the group's holding Board from March 31. He joined ABH from Colgate-Palmolive in 1972.

● THE GRAHAM POULTER GROUP has started a £250,000 development project at its Burley Road, Leeds, headquarters, including a conference centre for 100. In its last financial year the group's turnover was £5.3m.

● A. C. NIELSEN claims a big success for its Sabine package. Launched six months ago, it offers fast access to Nielsen's data bank. The most frequent subject for study has been brand distribution. Nielsen says the average cost of the 53 Sabine analyses commissioned so far, by companies like Beecham, Cadbury, Heinz and United Biscuits, is £500.

JOHN SIMMONS reviews the 1977-78 Design Council Poster Awards

Pure gold designed to sell



Left: Kirkwood's VAT 69: confident and award-worthy. Right: Benson and Hedges by CDP: brazen series, brilliant branding.

"RARE IS THE poster that works without a legend." So observed this reviewer in assaying last year's Design Council Poster Awards and lo!, the best poster award for 1977-78 is won by a wordless photograph of masterly Magrittery — the celebrated Benson and Hedges pack in a birdcage, designed by Alan Waldie for Collett Dickenson Pearce.

Unexpected, innovative and witty, this brazen series from the sixth largest brand advertiser in Britain, dramatically photographed by Adrian Flowers, Brian Duffy and Robert Montgomery, provides exciting proof of how inventive minds produce their best work when beset by warring forces, such as the constraints imposed by new laws of advertising control, the copy limitations codified by the Advertising Standards Authority, and other opposing and bowdlerising influences.

The gold pack—now hardly ever needing to reveal its contents—is always shrewdly placed in a familiar, homely setting, replacing pet birds, pussy cats, electric plugs and china flying ducks. As this is a branding strategy addressing smokers, not an inducement to take up cigarette smoking, these enigmatic and amusing pictures not only accomplish their principal objective of attracting attention as well as admiration, but all reasonable objections to cigarette advertising would seem to be overcome, though criticism could be directed at the copy that accompanies the art—the provocative health warning donated by HM Government with every pack, a threat that may well be a daring challenge to nascent and *impressionable* minds.

Copy and captions often embellish a picture unnecessarily, and tend to overkill a message not overtly apparent from the visualisation. Two of this year's award-winners crowd no less than *three* variations of the word LEVI'S into the space of a 16-sheet, in addition to 14 jokey words of copy. The judges claim—in fact they stress—that they wish to make clear that the awards are made in recognition of outstanding design merit.

With Levi's, the confident photographic close-ups by Jack Bankhead for McCann-Erickson of the jeans' tough texture is clearly merit-worthy, and a change from the grinning buttocks that dominate most of their competitors' advertising. But although the layout cleverly accommodates the verbose copy and logo/trade mark elements, the design, except in the sense of strategy, is not extraordinary. Effective advertising—yes. Outstanding design—not quite.

Apart from the cigarette campaign noted, there is little outstanding in original or bold graphics in this year's selection—there is a brighter show down your High Street—although it is reassuring to see the continuance of the successful Guinness/JWT partnership, this year cleverly coupling the immense in-pub popularity of darts with the constancy of the famous stout.

Whisky advertisers provide interesting opportunities for creative development of product personality, an offer too often declined. The decision by The Kirkwood Company to use posters to brand their Scotch with wit has enlivened poster sites with many a merry play on VAT, set against crystalline graphics.

Theatre productions need clear identification, and the judges admitted to a strong entry, whereas no advertiser, designer or agency was confident enough to enter a cinema poster. In view of the sizeable entry, the two winners should be extraordinary. The familiar format of the RSC's *King Lear* poster has some strength when you actually take a look at it, while the English National Opera poster for the premiere of *Toussaint* actually compels attention. Designers Priscilla McIntosh and Ken Bridges skilfully resisted the temptations of slave-trade symbols and used the ripped Tricolor with the emphasis centred upon a vivid portrait of the principal character in full dress gold-and-glory regalia. Unlike most entertainment advertising, the complementary information is brief and readable: good art and good advertising.

A total of 482 ideas and designs competed for this year's awards. The invitation to submit advertises a maximum of 30 awards, of which the judges gave 10—all, save one, photographic. Hardly a justification of the published purpose of this creative event: "To encourage high standards and widespread interest in the poster medium." Art directors, designers *and* judges will have to sharpen their perception in pursuit of the recognition of excellence.

John Simmons is creative director of The Simmons Consultancy.

The Marketing Scene

Plug time for platinum

BY MICHAEL THOMPSON-NOEL

AS ANY FOLLOWER of commodity prices will know, both the producers' and the free market price of platinum have hit record levels recently—partly in sympathy with the gold rush, partly because of continued scarcity of supplies (there are signs, for example, of hoarding in the USSR, where the Russians are producing at least 250,000 one-ounce coins and medallions for the 1980 Olympics which will be sold at the unfraternal mark-up of 80 per cent.), and partly because of the plight of the dollar.

All of which helps set the current crop of Platinum Guild ads in the colour supplements in a reasonably lustrous light. The Platinum Guild, run in London under the aegis of J. Walter Thompson, is funded by Rustenburg Platinum Mines of South Africa, the world's biggest producer, which sells and markets its platinum world-wide through Johnson Matthey, but felt the Guild would help stir up consumer interest in platinum in the jewellery sector.

Hence the current ads, which stress that platinum jewellery is "different and utterly distinctive . . . brilliant, beautiful and supremely fashionable." It had better be: it's more expensive than gold.

But there is a very big market to go for. The Japanese are fond of platinum jewellery (they admire its unobtrusiveness) and in recent times Rustenburg has got to wondering if it couldn't help stimulate a comparable demand in the U.S. and Northern Europe.

In Britain, platinum jewellery got a boost on January 1, 1975, when for the first time the metal received a hallmark (the platinum hallmark guarantees 95 per cent. purity). In Britain last year, an estimated 23 tons of fine gold were used for making jewellery, and this is the market that Rustenburg is attacking.

There are around 425,000 U.K. marriages a year, and using 18-carat gold as a benchmark, a platinum wedding band would cost approximately 50 per cent. more than the gold equivalent. Current world consumption of platinum for jewellery is around 1.1m. ounces, but 91 per cent. of that goes to Japan with less than 2 per cent. to the U.K. and Western Europe.

So. The Guild operates as a promoter as well as an information service for retailers and consumers. Rustenburg underwrites similar operations in Germany and Japan and is looking at the U.S. The aim is to educate consumers as to platinum's position in the precious metals spectrum ("It's the most precious precious metal in the world"), which is why the folk at JWT are fond of the fact that to produce one ounce of platinum the producers have to process ten tons of ore. Above all, platinum is sold as the ideal setting for gem stones: it doesn't compete with them for attention.

The Guild spent £300,000 on U.K. advertising in 1977—mainly in women's magazine where it prompted some fairly lively consumer demand—and will spend about the same this year.

Horse sense at Lloyds

BY PAMELA JUDGE

THE SIGN of the Black Horse is positively swinging at the moment—much to the satisfaction of Lloyds Bank, which has used the emblem since the 1600s.

A long footage of the Lloyds' horse thundering along the shore near Newquay was used on TV last month to introduce the bank's new Black Horse Guides. The guides were launched on February 3 and in two weeks 1.7m. copies were in the hands of the bank's customers or potential customers; later, a further 129,000 were ear-marked for use outside the bank's branches.

Part of the Lloyds plan to broaden its marketing base. the guides cover family budgeting. taxation. new earners and questions women ask about money. But they are a very soft sell for Lloyds—possibly against its strict commercial interests—in that they are aimed at solving problems rather than selling the bank's services.

The black horse—there are three of them in real life and they are heavily insured—began working for the bank early in 1975 when McCann-Erickson took over the account, working to a hard nosed brief, says Bryan Wright, the bank's advertising manager. Prior to that, recall of Lloyds' advertising (through NOP checks) was very small,

Lloyds Bank

even though there had been several good series.

But the bank wanted its ads and its name to be recalled. With McCann, it was decided that the old horse would do the modern branding, so that March, 1975, saw the first TV use of the horse. Checks beforehand showed an ad recall of 8 per cent. Afterwards the figure rose to 26 per cent. It is currently around 50 per cent., the highest of the big four clearers with the Midland (lately making shadowy use of its gryphon emblem on TV) at the bottom and Barclays and NatWest in the middle, says Lloyds.

Another indication that the horse is working for the bank is that the numbers of first-time bankers with Lloyds aged between 16-24 is now the highest yet. The guides come out of the bank's marketing budget of £1m. a year and are relatively cheap. But Lloyds has just finished a £500,000 burst of Press and TV advertising—a tidy sum to put on a horse.

Rolex—prestige and Koko

BY PHILIP KLEINMAN

WHAT DOES Yehudi Menuhin have in common with Koko the female gorilla? Answer: they both help to sell Rolex watches.

There are, of course, differences between the two. For one thing, the violinist, like other celebrities featured in Rolex testimonial advertising, is stated to have received no payment for allowing the Swiss company to publicise the fact that he wears one of its products. Koko on the other hand, has just helped to earn Sw.Frs.50,000 for Francine Patterson, the young University of California researcher who has taught Koko to speak in sign language. Miss Patterson is one of five recipients of Rolex Awards for Enterprise, all engaged in scientific research of one kind or the other.

The awards were presented, together with Rolex chronometers, to the five at a ceremony in Geneva recently. It was the culmination of a competition, devised by the company and its advertising agency, J. Walter Thompson, to enhance the product's prestige as well as do a little good in the world.

Unfortunately for Rolex's British subsidiary, none of the winners is British, although this country provided the second highest number of entrants after the U.S.

The mixture of high-mindedness and commercial acumen demonstrated in the competition is typical of Rolex, which was bequeathed by its founder, Hans Wilsdorf, to a charitable trust in Geneva. That doesn't prevent the company making a lot of money out of its very high-priced products. The cheapest Rolex costs around £200 in Britain, though the company also makes watches under the Tudor brand name which go for as little as £160.

Despite the difficulties experienced by the Swiss watchmaking industry in the past few years, due especially to the impact of electronic watches from the U.S. and elsewhere, Rolex claims to have expanded its output worldwide by 5 per cent. to 8 per cent. annually. What exactly that means is impossible to say, since private companies in Geneva are not obliged to publish any figures.

It is acknowledged, however, that the British market, unlike the U.S. and the Far East, has been stagnant in terms of units sold.

The achievement of Iain Nelson, a 52-year-old Scot who became managing director of Rolex U.K. in 1971, has been to keep the quantity of imports steady as cash turnover multiplied. This has been done through a policy of exclusivity—Nelson cut the number of retail outlets down to about 200—and increased business efficiency.

When Nelson arrived, after more than 20 years of working for the Borneo Company (now part of Inchcape) in Singapore, he found Rolex U.K., he says, in pretty poor shape. This was partly due to complacency derived from the fact that Wilsdorf, the company's founder, actually started his business 75 years ago in London, whither he emigrated from his native Bavaria.

Wilsdorf moved to Switzerland in 1919, and it was there he produced the Rolex Oyster, claimed to be the world's first waterproof watch. But he kept his acquired British nationality and the British branch of the firm got used to receiving most-favoured-nation treatment.

To-day that treatment would no longer be deserved. Nelson, a kindly humorous man, nevertheless gets quite indignant when he recounts how all the trendy young businessmen he meets commuting first-class from Surrey to London are expensively clad from top to toe, arrive at the station in Rovers and Jags but wear "rubbish on their wrists." And he tells them so to their faces.

LOMBARD

It may be M3, but it isn't money

BY ANTHONY HARRIS

WE NOW HAVE a monetary policy; but when are we going to have a policy about the money supply? This seemingly nit-picking question is raised to-day by Morgan Grenfell, the bank that specialises in naked emperors; and the point raised seems to me a serious one, and possibly highly important too. On the other hand a Treasury official on whom I tried it refused to recognise that there was even a question, let alone one that needed an answer. Someone here is wrong, and I think I know who.

Baby-talk

The trouble with discussing such questions is that there is hardly any tenable middle ground between highly technical exposition (for a classic of blinding science, see the new Bank of England Bulletin) and baby-talk. My own leaning is towards baby-talk; I can only hope to persuade readers that what follows is not quite as simple as it seems.

Any discussion of money starts with a difficulty: we all think we know what it is, but the word is very hard to define. Notes, coin and a current account at the bank are money in anyone's book; and are what is contained in M1, the narrow definition of money, which the Bank of England reports but does not attempt to control. Thereafter, there is trouble.

A banknote serves quite well to define what is special about money. You can exchange it for anything, but that is its only virtue. Anything you can buy with it is either more beautiful, more useful, or more rewarding—it pays interest, or may appreciate. A rational man, therefore, will only hold money rather than these desirable alternatives for quite strong reasons—either to bridge the time gap between receiving income and spending it (the transactions balance) or because any commitment at all seems too risky (the uncertainty motive). The whole of monetarism is built on the notion that there is a consistent relationship between people's spending behaviour and their holding of money, and on the much more questionable proposition that you can control the former by the latter—wagging the dog by the tail. It is attempts to support or disprove these theses that generate all the baffling equations.

Now if this is the reason for having a monetary policy, you would expect the authorities to define the money supply very carefully to include every ready source of spending money, and exclude investments which can only be turned into money by getting someone else to part with their cash—just to take the extremes. Interest bearing accounts of all kinds which can be withdrawn at the expense of a bank or a savings institution are pretty like money, but less liquid—what the International Monetary Fund calls quasi-money.

Our own M3, which is what we call the money supply for policy purposes, does not meet these tests. It includes quite a large sum in investments—bank certificates of deposit, which actually have to be sold for money if you want to spend them. It excludes building society and other deposits which are routinely spent. Its behaviour often contradicts that of M1.

These oddities are familiar. What Morgan Grenfell have done which is new is to make sense of them. M3 is not a measure of spending power—liquidity; but it is a very good measure of the resources held by the banks on which to expand their lending book.

Monetarists often fail to notice the difference between a money measure and what the Americans call a bank credit proxy because they tend to think in terms of a closed economy or a freely floating currency; in such an economy the growth of credit and the growth of money are the same thing.

Liquidity

In the real world, however, flows across the exchanges can add to the credit available for spending or drain it away; so controlling bank credit or lending power may not control the money supply in a real sense. The spending power that floods in may vanish without a trace in M3 when the banks stop bidding for funds. Company treasurers buy Treasury Bills or place their money with local authorities; ordinary citizens switch to the building societies. Liquidity piles up, but the money supply appears to be under control.

It is a very open question, of course, whether all this matters. An anti-monetarist would be interested only in the exchange rate and in interest rates, and any device to get interest rates down without frightening monetarists in the City would be welcome. However, those who profess to see something in monetarism—who include Mr. Healey and Mrs. Thatcher—should at least be warned. We have no monetary policy; only a bank credit policy.

Midnight Court has edge

RACING

BY DOMINIC WIGAN

UNLESS THE heavy rain which has threatened Cheltenham over the last three days materialises, and there is a drastic change in the going, it is difficult to visualise to-day' Piper Champagne Gold Cup not being won by either Fort Devon or his market rival and neighbour, Midnight Court.

Both these high-class chasers did all that was asked of them in their final preparatory races and their form puts them several pounds in front of the best of their opposition.

Although Midnight Court made slightly heavier weather of accounting for Tuesday's easy winner Young Arthur at Newbury last time out than Fort Devon did when scoring at Kempton, it is the Winter representative on whom I will be pinning my hopes.

Should he be in striking distance as they swing down and round into the home straight, Midnight Court has the ability to quicken under pressure and should settle matters.

Bookmakers, who have had the better of their exchanges with the punters over the last two days, will be hoping that Rodman finds something too good for him in the opener, the Daily Express Triumph Hurdle.

On the face of it, Midnight Court's young stablemate will take a great deal of beating after his five unbeaten runs, which culminated in a seven-lengths Huntingdon victory over Pollerton two weeks ago.

But he has never struck me as a certainty for to-day's race, and as an each-way alternative I prefer the claims of the giant Corrib Chieftain.

This Appiani II gelding put up an encouraging performance on his debut over the minor obstacles at Naas, and then won a "bumpers" race in a style which "had to be seen to be believed," according to one experienced Irish rider.

Corrib Chieftain has been schooling brilliantly with his older stablemate Prominent King and he, rather than Rodman, may be the one they all have to beat. At odds of about 12-1 he strikes me as the meeting's best bet.

● The Royal meeting at Ascot will take place on June 20, 21, 22 and 23. Applications for admission to the enclosure should be made to Her Majesty's Representative, Ascot Office, St. James's Palace, London, S.W.1, before the end of next month. Visitors from overseas should apply to their ambassador or high commissioner.

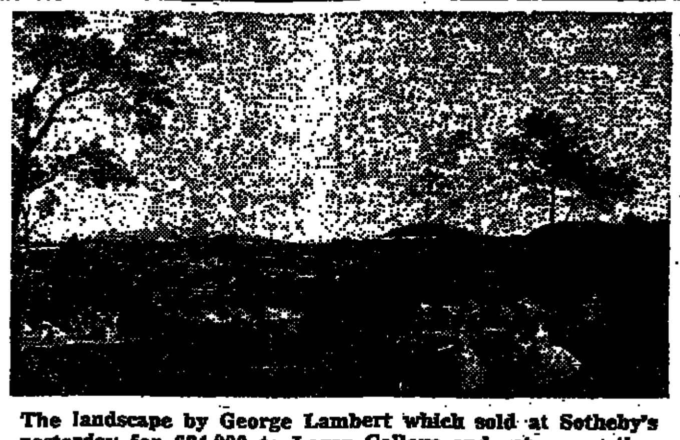
CHELTENHAM

2.30—Corrib Chieftain***
3.05—Rolls Rambler
3.40—Midnight Court**
4.15—Tamalin
4.50—Kilcoleman
5.25—Kilmakilloge*

HEXHAM

2.15—Jane Again
2.45—Charming Scot
3.15—Hit The Roof
4.25—Bold Warrior

Lambert landscape fetches £84,000



The landscape by George Lambert which sold at Sotheby's yesterday for £84,000 to Leger Gallery and set an auction record for the artist.

SALEROOM

BY ANTONY THORNCROFT

THE extraordinary price of £84,000, to which must be added the 10 per cent. buyer's premium, was paid at Sotheby's yesterday for a landscape by George Lambert the 18th-century artist. It is an extensive view from *Sandleford Priory* towards Newton Village and the Hampshire Downs and was expected to sell for around £25,000.

The previous auction best for the artist was £2,520 in 1972, but higher prices have been realised in private sales. Works by this artist rarely appear at auction and three buyers were after it. The painting was finally acquired by Leger Gallery.

Other good prices in a successful sale of British paintings, which totalled £356,140 with a low 7 per cent. bought in, were the £23,000 from Leger again for *The Rev. Charles Tyrell and family*, by Henry Walton, another auction record for the artist; £21,000 from Spink for another portrait by Walton of the Rev. Tyrell; £18,000 for *Colonel and Mrs. Campbell*, by Francis Wheatley; and £10,000 each for a view of *Musselburgh Races*, by William Turner "de Lond." and for a *Boy with a donkey*, by Gainsborough.

The National Portrait Gallery was an active buyer, bidding through Leggatt. It acquired a portrait of Mr. and Mrs. Champion, by John Seaton, for £2,600; a portrait of Thomas Papillon by Sir Godfrey Kneller, for £2,200; a 16th-century portrait of Sir Anthony Browne, for £1,400; and a portrait of Charles Horn, by Peter Stroehling, for £500. The Castle Museum Nottingham, paid £3,600 for a portrait of Byron the poet's grandfather, Admiral John Byron, by Gainsborough. It will return to the Byron family home at Newstead Abbey.

Christie's continued its series of sales from the Evelyn Library. The first session of a two-day sale for authors M to S realised £96,256.

A first edition of poems in both English and Latin by John Milton was the day's highest priced lot at £5,800. It was bought by the Oxford dealer, Blackwell. A first edition of *Paradisi in Sole Paradisus Terrestris*, by John Parkinson, 1629, went to the London dealer Quaritch for £5,000.

Hammond, a dealer from Lymington in Hampshire, paid £3,700 for *Britannia. . . or an illustration of the Kingdom of England and Dominion of Wales*, by John Ogilby, 1675, and Lyon £3,200 for a first edition of *"Methode et Invention Nouvelle Dresser les Chevaux,"* by William Cavendish, Duke of Newcastle.

Quaritch also paid £2,800 for Gabriel Naude's *Bibliothecae Cordesianae catalogis*, published in Paris in 1643. A first edition, it is interesting for the seven and a half line note in Evelyn's hand at the end of the index explaining the marks in ink and pencil he has made in the volume.

In a sale of tribal art, also at Christie's, the buyers were as global as the items under the hammer. The sale totalled £39,675.

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 a.m. Open University. 9.41 For Schools, Colleges. 12.35 p.m. On the Move. 12.45 News. 1.00 Pebble Mill. 1.45 Trumpton. 2.00 You and Me. 2.45 For Schools, Colleges. 3.00 Children's Wardrobe. 3.25 Racing from Cheltenham. 3.53 Regional News for England (except London). 3.55 Play School (As BBC-2 11.00 a.m.). 4.20 Winsome Witch. 4.25 Jackanory. 4.40 Scooby Doo. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Ludwig.

5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.45 Tomorrow's World.
7.10 Top of the Pops
7.40 The Good Life
8.10 Wings
9.00 News
9.25 Cannon
10.05 Breakaway Girls
11.00 Tonight
11.40 Weather. Regional News.

All Regions as BBC1 except at the following times:—

Wales—1.45-2.00 p.m. Barnaby. 4.40 Crystal Tipps and Alistair. 4.45-5.05 Tren Sgrech. 5.55 Wales To-day. 6.20-6.45 Heddiw. 11.40 News and Weather for Wales.

Scotland—11.30-11.50 a.m. For Schools (Living in Scotland). 5.55-6.20 p.m. Reporting Scotland. 7.40-8.10 Current Account. 11.41 News and Weather for Scotland. 11.43-12.8 a.m. Bonn Comhraidh.

Northern Ireland—11.30-11.45 a.m. For Schools. 3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.00 The Hong Kong Beat. 11.30 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.35 a.m. Open University
11.00 Play School
2.15 p.m. Racing from Cheltenham
4.55 Open University
7.00 News on 2 Headlines
7.05 Your Move
7.30 Newsday
8.05 Gardeners' World
8.30 Living in the Past
9.00 International Table Tennis
9.30 Screen 2: "The Angel Levine" starring Zero Mostel and Harry Belafonte
11.15 Late News on 2
11.25 Men of Ideas

LONDON

9.30 a.m. Schools Programmes. 12.00 Charlie's Climbing Tree. 12.10 p.m. Rainbow. 12.30 Make it Count. 1.00 News. 1.20 Help! 1.30 Crown Court. 2.00 Afternoon. 2.25 The Crezz. 3.20 Quick on the Draw. 3.50 The Sullivans. 4.20 The Little House on the Prairie. 5.15 Mr. and Mrs.

5.45 News
6.00 Thames at 6
6.35 Crossroads
7.00 The Bionic Woman
8.00 Rock Follies
8.30 Armchair Thriller
9.00 News
9.30 Bafta Awards
11.15 Drive-In
11.45 What the Papers Say

All IBA Regions as London except at the following times:—

ANGLIA

ATV

BORDER

CHANNEL

GRAMPIAN

GRANADA

HTV

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

RADIO 1

RADIO 2

RADIO 4

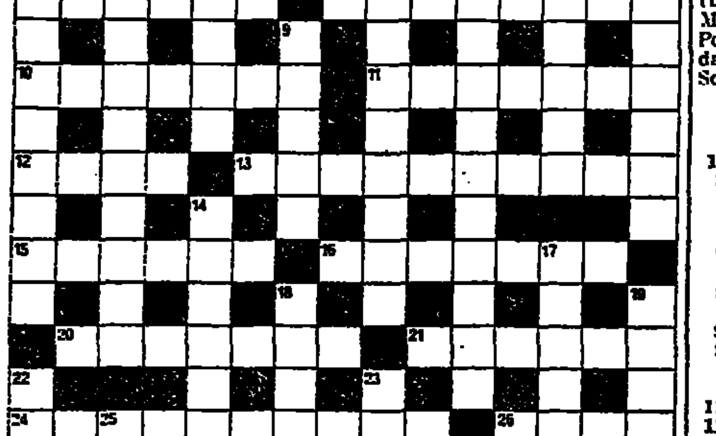
RADIO 3

BBC Radio London

London Broadcasting

Capital Radio

F.T. CROSSWORD PUZZLE No. 3,619



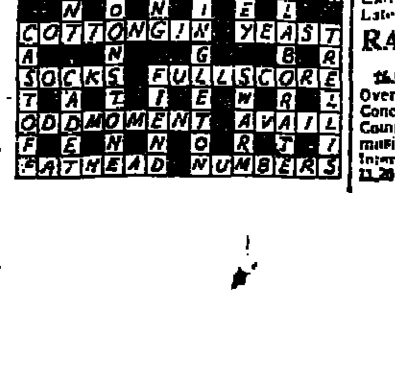
ACROSS

1 Competent to enter race for inscribed plate (6)
4 Plump boxer's starting training to be a believer in the inevitable (8)
10 Money from duck in cage outside (7)
11 Supply nothing before five in pride (7)
12 Huntsmen returning empty (4)
13 Prohibit Oriental proceeding in a certain direction without cover (10)
15 Intelligent Conservative and Liberal leaders always follow . . . (6)
16 . . . great confused Tory in blind zeal (7)
20 Raise the spirits of a vicar in valley (7)
21 Male monster in female attire? (6)
24 Rainbow-coloured gem with eastern bouquet (10)
26 Pack around and give thanks to politician (4)
28 Pull broken leg and make wet and dirty (7)
29 Very large mother insect (7)
30 Hold back as the tie is knotted (8)
31 Engrossed as Boy Scouts may be. (6)

DOWN

1 Signal for credit on the nail (4-4)
2 Newlywed we shall follow in gaol (9)
3 Dash round lane (4)
5 Sweet but jokingly prepared resting place (5-3)
6 On deck and in the open (10)
7 Poem from Virgil I admire (5)
8 Finish in attempt to be fashionable (6)
9 Bumped into a learner on the road surface (5)
14 Heavy burden for late western crew (4-6)
17 Dress mother to take part in a long rambling discourse (9)
18 Coaches team-leader to box? (3-5)
19 Food's looking warm in photograph (8)
22 Who had to change a seat? (6)
23 Taking no measures to conceal a banker (5)
25 Collect in a service (5)
27 Token that is nothing to people (4)

Solution to Puzzle No. 3,618



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

Florence

The winter season by WILLIAM WEAVER

The winter season at the Teatro Comunale is necessarily short, to allow the theatre some time to breathe before the May opening of the annual Maggio musicale festival. But in the past—and again this year—the Florence house has managed to present a varied and interesting programme in the space of a few weeks. The opening *Trovatore*, staged by Luca Ronconi and conducted by Riccardo Muti, was stimulating, enjoyable; the *Barbiere di Siviglia* was poor (except for the lovely sets and costumes of Ulisse Santichi); the *Werther* was a triumph that will remain long in one's memory; then came the traditional full-length ballet, *Romeo and Juliet* with Fracci, which I missed; and finally the equally traditional homage to the 20th century, this time in the form of a triple-bill of one opera and two ballets.

The opera was Schönberg's *Erwartung*. The first performances were conducted by Christoph von Dohnanyi and sung by Anja Silja, who were replaced—by the time I reached Florence—by Alexander Sander and Dunja Vejzovic. Dohnanyi's conducting had been praised by the local Press, and Sander's was certainly equally praiseworthy, precise and yet far from inhuman. The Florence orchestra, an uneven but often willing instrument, played with unusual clarity. Previously heard in Florence only in Luigi Nono's *Intolleranza*, the Jugoslav soprano Dunja Vejzovic sings mostly in Germany (she is scheduled to make her Bayreuth debut this coming summer). She is a very interesting and engaging artist, with admirably distinct enunciation (the opera was given in the original) and with an expressive voice that can be icy when necessary but also warm and sensual. Giancarlo Nanni's staging was not incisive, but the singer moved gracefully and acted convincingly. She was not helped much by Mario Schifano's stark, ugly set, nor was the set itself helped much by unimaginative lighting.

Nevertheless, Schönberg and Miss Vejzovic carried the day: an impressive performance.

For his ballet *Donna* (world premiere) Paolo Bortoluzzi used Luciano Berio's *Sequenza 3*, with the taped voice of Cathy Berberian. This mercurial bravura piece allowed Bortoluzzi—as both choreographer and solo dancer—to display his admirable technique. The content? Slight. On the stage with Bortoluzzi there are five fashion models (their names in the programme are Cristina, Geraldine, Michelle, Nadia, Nency), who appear first in sumptuous costumes, then—as they gradually disrobe—only in body-stockings and dizzyingly high platform-shoes. They prance and preen, sometimes concealing themselves behind some cloth shields, as Bortoluzzi weaves among them, often apparently trembling with fear or dismay. A pleasant quarter-hour, enhanced by the designs of Beni Montresor, responsible also for the projected scenes (this time, well-lighted).

Maurice Béjart's well-known choreography of *Les Noces* is over 15 years old. More spectacle than ballet, it is suited to a group like the Comunale's corps de ballet which, along with the orchestra, is going through a process of renewal. The dancers looked encouragingly good. Marga Nativo, Florence's prima ballerina, was admirable in the leading role, opposite the guest Jorge Donn. The Florence chorus also seized this opportunity to shine, vigorously led by its regular chorus-master Roberto Gabbiani.

The noticeable improvement, this season, of orchestra, chorus, and—now—corps de ballet allows hope for the imminent Maggio (to be inaugurated, rumour has it, with a new production of *I vespri siciliani*). Another heartening piece of news is the very recent appointment of Luciano Alberti as artistic director. For the past several years Alberti has been responsible for the Accademia chigiana in Siena, initiating a number of successful projects while, at the same time, maintaining that institution's long-established prestige.

Dunja Vejzovic

Berlin Opera

Die Banditen by ELIZABETH FORBES

Offenbach's score for *Les Brigands*, first performed in 1869, contains no individual number to rank with, say, Paris's song in *La Belle Hélène*, though its average level of excellence is unusually high; but the libretto, of best vintage Meilhac and Halévy, is outstanding and presumably explains the reason why Peter Ustinov, making one of his rare excursions into the operatic field, chose to produce the piece for the Deutsche Oper in West Berlin. Newly translated, with just the right amount of contemporary allusion, by Karl Dietrich Gräwe, *Die Banditen* provides stylish, witty and absorbing entertainment.

The story concerns a resourceful Brigand Chief who, finding that his exchequer contains only 17 ducats, concocts a splendid scheme to make 3m. by the substitution of his daughter for the Spanish Princess betrothed to the Duke of Mantua. This plot founders mainly because the Duke's Treasurer, no mean rogue himself, has already spent the 3m., but also because the Duke recognises his "bride" as the girl who saved him from the Brigands in the first act, when he was photographing — in a conservation conscious age — the forest fauna.

Günther Schneider-Siemssen's sets are ultra-theatrical, painted flats with the supporting struts intentionally visible: everything is movable and everything moves. The Brigands' underground hide-out, furnished with the clutter of a hundred unsuccessful raids, has a peri-cope, camouflaged with an outsize daisy, for prospecting possible victims, while the perambulating trees thoroughly confuse the carabinieri who make sorties into the forest, apparently for the purpose of exercising their chihuahuas. Act Two, which takes place at an inn on the Spanish-Italian frontier—Franco is squashed into the space between the two customs barriers—is a farcical tour-de-force worthy of Feydeau.

The Brigands, disguised as cripples and beggars, capture first the inn personnel, then the Italian delegation from Mantua and finally the Spanish contingent escorting the Princess of Granada. Energetically donning one disguise after another—the costume designers, Bernd Müller and Jörg Neumann, are responsible for much of the success of this act—the Brigands leave the inn cellars full of half-clothed and drunken captives of assorted nationality as they set off for Mantua and dreams of untold wealth. At the beginning of the third act the photography-loving Duke and his Court are regaled by the playing of a bald, richly side-whiskered cellist whose cello-case bears the initials J.O.

Caspar Richter, a conductor whose sympathies, ranging from Mozart to Berg, evidently include Offenbach, ensures that the musical performance matches the dramatic presentation in style, vigour and dexterity. The ensembles in which the score abounds fizz like champagne, while the Spanish music associated with the Princess has irresistible rhythm. Donald Grobe plays Falsacappa, the Brigand Chief, with enormous relish and good humour; hardly ever off-stage, except when the exigencies of a new disguise demand a few seconds' absence, he projects the dialogue acutely, sings with untiring energy, dances—there is a great deal of well-integrated dancing—and conducts the orchestra with the white stick of his blind-beggar outfit.

Catherine Gayer sings Fiorella, Falsacappa's daughter, and a cross between gun-toting Annie and Miranda in *The Tempest*. In excellent voice, Miss Gayer delivers her songs bewitchingly and proves an excellent comedienne. Fragoletto, Fiorella's young man, and originally a travesty role—Irene Eisinger sang the part in a 1932 Berlin production—is here taken by a tenor, Peter Maus, who carries off his initiation into the Brigands' Union with aplomb. Barry McDaniel turns the not very interesting figure of the Duke into a positive and likeable character. Patricia Johnson, handsome in lace mantilla, displays true Spanish temperament and dignity as the Princess of Granada.

Several of the Deutsche Oper's veteran singers make welcome appearances in minor roles: Helmut Melchert is in commanding form as Campotasso, the Duke's chief minister; Helmut Krebs amusingly incarnates the Count of Gloria-Cassis, the Princess's chamberlain; Lisa Otto and Sieglinde Wagner formidably employ their talents as the Duke's *maîtresses-en-titre*.

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Across the Wall, in East Berlin, the Staatsoper has recently mounted, in the congenial atmosphere of the Apollo-Saal, a comic piece by Guenther Bialas, *Der gestiefelte Kater*, which was receiving its DDR premiere in the presence of the 70-year-old composer. *Puss in Boots* has a text by Tankred Dorst based on a comedy by Ludwig Tieck, itself deriving from the fairy tale. This version, however, first performed at the 1975 Schwetzingen Festival, is no pantomime but a work of Pirandellian complexity that includes the Composer and several Spectators in its cast list.

The shoebox shape of the Apollo-Saal and its lack of stage facilities only act as stimuli to the producer, Jaroslav Chundela; aided by his designers Milan Cech (sets) and Jiri Sochovsky (costumes) he responds with acute sensitivity. The staging is spectacularly simple: unpainted canvas covers the walls; stage-boxes are improvised for the spectators; a bare platform displays two racks of costumes, three step-ladders, some trestles, a plank or two, and one large white sheet. That is all. Two dozen singers play the many roles between them, providing a male-voice quartet as chorus, while individual instrumentalists invade the stage from time to time.

The eclectic score reflects the layers of text, with straightforward melodies for the fairy-tale element and more complex writing for the criticisms to which the characters are prone. The Spectators speak, sing, boo, hiss and blow whistles. Imperturbably conducting an ensemble from the Staatskapelle, Wolf-Dieter Hauschild co-ordinates the performance going on all round—and even above—him with immaculate timing.

English Bach Festival

The London part of the English Bach Festival concentrates a rich programme into the period between May 2 and 10. An important exception is the first staged performance in London of Rameau's *Hippolyte et Aricie*, which will be seen at Covent Garden on Sunday, July 2. The French baroque expert Jean-Claude Malgoire conducts. Belinda and Michael Holmes are responsible for choreography. Michael Holmes is also joint-producer with Dean Barnett, an authority on gesture in the baroque theatre. Costumes will be reproductions from designs by Boquet in the Paris Opera Library.

18th century opera is the leading theme this year. The Vivaldi year is celebrated by a number of events including a concert performance of his opera *Griselda*, the first in modern times (Elizabeth Hall, May 11, Roger Norrington conducts). Handel's *Rinaldo* will also be given a concert performance (Elizabeth Hall May 7), and his one-act opera-ballet *Terpsicore* will form part of the opening Divertissement in the Guildhall on May 2.

There will, as usual, be plenty of Bach. The B minor Mass will be given on May 12 (Festival Hall) under the distinguished German conductor Helmut Rilling. Three of his eminent soloists—Arleen Auger, Heiner Hopfer and Philippe Huttenlocher, will be making their first appearances in this country. So will the Swiss conductor Michel Corboz, in charge of another Bach programme at the Elizabeth Hall on May 8.

Contemporary music is less strongly represented this time, but two works of the Cologne-based Greek composer Terzakis will be included in the Byzantine and Greek folk music concert in the Elizabeth Hall on May 9. The Oxford arm of the EBF, for which full details are not yet available, takes place between June 23 and 30.

R. C.

Barclays aids D'Oyly Carte

Barclays Bank International is to give the D'Oyly Carte Opera Company £120,000 over the next three years. There are no strings attached to the money but it will help the company out of its current financial problems, and allow it to mount more new productions of the operettas. The first results of the support will be seen in the forthcoming North American tour of the D'Oyly Carte, with Barclays assisting with local publicity, and using the opera productions for the entertainment of clients.

The high cost of touring, and falling-off in attendances in some provincial cities, has created a financial crisis for the D'Oyly Carte. It hopes that the Arts Council will also help out and although Barclays will remain the leading sponsor the company hopes that other industrial concerns will rally round this grand British institution.

Record Review

Mitridate, Tito, Orlando by MAX LOPPERT

Mozart: Mitridate, rè di Ponto. Augér, Gruberova, Cotrubas, Weidinger, Baltsa, Hollweg, Kübler/Salzburg Mozarteum Orchestra/Hager. DG 2740 180 (four records) £12.00.

Mozart: La clemenza di Tito. Baker, Minton, Von Stade, Popp, Burrows, Lloyd/Orchestra and Chorus of Royal Opera House, Covent Garden/Davis. Philips 6703 079 (three records) £11.97; cassette: 7699 036 £11.97.

Hayden: Orlando paladino. Augér, Ameling, Killebrew, Shirley, Ahnsjö, Luxon, Trimarchi, Mazzieri Lausanne Chamber Orchestra/Dorati. Philips 6707 029 (four records) £12.25.

Mitridate, rè di Ponto, Mozart's first *opera seria*, was written for the commencement of the 1770 Carnovale season at the Teatro Regio Ducale, Milan. Most of the usual and some unusual anxieties attended its birth, from exigent singers (the singer of the title part, the tenor Guglielmo d'Ettore, demanded no less than five times that his first aria be re-written) to backstage conspiracies against an upstart Austrian boy of only 14. But the première was a great success, and the work was repeated 21 times that season. A letter from Mozart to Nannerl announces, with disarming pride, that "every evening the theatre is full, much to the astonishment of everyone, for several people say that since they have been in Milan they have never seen such crowds at a first opera." Following recent revivals in Germany and Austria, the publication of a new recording makes sense. Now that long-held pronouncements about Mozartian *opera seria* are being challenged, it is good to be able to examine the earliest of the species.

According to Dent, Mozart at 14 "was not yet temperamentally equal to the treatment of such a subject" as Cigna-Santi's libretto for *Mitridate* (modelled on the Racine tragedy and originally written for Gasparini three years earlier). The recording will not utterly vanquish his judgment. Bulking large among the 25 numbers (22 arias, a duet to close Act 2, a short closing chorus) are those that display not much more than the incredible fluency of a prodigy able to give a throughly studied, richly elaborated account of any musical form to which he might turn his hand. Notable among these are the arias for the alto, Pharnaces, and for the *seconda donna* Ismena, lengthily developed at points in the dramatic situation that would surely have driven an operatically more experienced Mozart to slash through Metastasian convention and musical formula.

But the plot is interesting—the Macedonian king Mithridates, returned from war to the amorous and political intrigues of his own court, tricks out the various disloyalties of his sons, noble Xiphares and scheming Pharnaces, and of his betrothed Aspasia, with whom both princes have fallen in love. Some shapely contrasts and revelations of character have been contrived, and to the most striking of these Mozart rises in a manner that (temporarily, at least) disputes notions of his temperamental immaturity. In the second and third acts the emotional pulse is quickened by an impressive sequence of accompanied recitatives, each welling dramatically out of *secco* recitative, and then by arias for Xiphares and Aspasia (both soprano parts, the first written for the castrato Sartorini, the second for Antonia Bernasconi, earlier Gluck's first Alcestis in the Vienna production). These are not only generously laid out but communicative of emotion generated out of the drama.

The most immediately beautiful of these is Xiphares's "Lungi da te" in Act 2, entwined with ornate horn obbligato; but more remarkable still, more prophetic of future dramatic achievements, are Aspasia's introductory "Nel sen mi palpita," in a breathless G minor, and the extraordinary sequence in Act 3 in which, mirroring her inner torments and resolves before suicide, a noble, gravely calm E flat cavatina emerges from and then sinks back into accompanied recitative—this passage alone contradicts Dent's assertion that "it is only in situations depending on some quite simple and obvious emotion that (the) music can be considered really moving and expressive." Here, and elsewhere, we recognise the "real" Mozart—if pre-echoes can be detected of Ilia in Aspasia and Electra in Xiphares (particularly in his anxious C minor aria in the third act, with its unsettling chromatic touches), that is a mark of the depths attained (if less consistently even than in *Lucio Silla* of two years later, with its dull, complicated plot) in *Mitridate*.

A proficient cast has been assembled to tackle vocal writing of sometimes fearful difficulty. D'Ettore's speciality, on which Mozart was compelled to concentrate, was the trick of catapulting from very low to very high—in one aria Mithridates touches seven high Cs, some approached from nearly two octaves below. The effect—was this Mozart's habitual ability to transform constraint into dramatic virtue?—is to suggest a fantasticated oriental potentate, glittering and complicated (this is how I fancy the role could be most successfully essayed in any modern revival). Even so, the strain on the singer is formidable, and Werner Hollweg can hardly be blamed for doing more than manfully accommodating each ferocious *grande* jeté. The slatey quality of the voice is also apt, though its edge sometimes nags at lyrical lines; more important, Hollweg's awareness of dramatic considerations is now much deepened—alone of all the cast, and despite an unattractive accent, he attempts to make something meaningful of the Italian words.

Another artist noticeably matured (since her Glyndebourne days) is the Czech soprano Edita Gruberova, who at her best brings to Xiphares' music the brazen brilliance in high-lying phrases that must have been the most invincible weapon in the armoury of the male soprano. With Arleen Augér, Aspasia, she shares an admirable fluency in run, roulade, and ornament; in addition, Miss Augèr moulds her arias with such pellucid effortlessness that I regret finding a lack of colour and warmth, of emotional "juice," in the timbre. Agnes Baltsa, though for an alto castrato part the voice musters insufficient weight below the stave, is a darkly vibrant Pharnaces, with a smoulder in the tone that expresses far more than conventional villainy. With Ileana Cotrubas a fresh, charming Ismene (albeit with a quota of husky unsteadiness) and the promising Christine Weidinger in the minor part of Arbates, the female voices have been chosen with unusual care for contrast.

Under Leopold Hager the Mozarteum Orchestra plays smoothly, securely, evenly; the conductor often glides comfortably over orchestral writing that deserves a more individual, more specific handling. As in the Hager *Lucio Silla* set, acres of *secco* recitative are ambled through complete, in conscientious, desperately undramatic fashion—the recitative itself may not be very distinguished, but it deserves more perspicacious delivery, more Italianate enunciation, and fewer verbal slips (Mmes. Augér and Baltsa especially culpable) than this if we are not to itch for the pruning shears.

Even as recently as 1971, such a remark as that found in Charles Rosen's *The Classical Style* to the effect that *La clemenza di Tito* "is a work of exquisite grace and rarely redeemed dullness," could be swallowed as an extreme but not indefensible formulation of conventional wisdom. A shift in taste now allows one to hold up Tito as an example of a mature Mozart *opera seria* by which *Mitridate* may not unprofitably be measured. This shift is owed, as much as anything, to the 1974 Covent Garden production, which vanquished all the old gibes by revealing a work of sustained dramatic splendour—statuesque, not flawless, but above all not the compound of Mozart's haste and want of interest in an outmoded form that had been so often described in the text-books.

Three of the principals are new; otherwise the magnificent Philips set is essentially the Covent Garden Tito. It is elevated to greatness above all (as were those 1974 performances) by the conducting of Colin Davis, with its fine-nerved, urgent, yet steady grip on dramatic progression, with the quality of impassioned commitment in every bar. The bloom on the orchestral tone is of a quite different kind from Vienna sweetness or Berlin amplitude. Janet Baker has done nothing better for the gramaphone than Vitellia, and this despite the audible straining, the vowel deformations, the passing tonal discolourations. If a disappointingly lumpy account of Sextus' great rondo sends one back to the serenely classical Teresa Berganza of the ten-year-old Decca set (otherwise substantially outclassed), similar praise can otherwise be lavished on Yvonne Minton. Stuart Burrows, without the imperiousness of tone of Eric Tappy, manages the long chaste lines of the title role (and its bursts of *fioritura*) with far greater address; Frederica von Stade, a radiant Annius, is obviously a Sextus of the future; and Lucia Popp (Servilia) and Robert Lloyd (Publius) complete a first-rate cast.

The great, until a short while ago, only explored continent that is Haydn's operas is now being assiduously colonised. *L'isola disabitata*, broadcast last Sunday, will soon be published on record as the fourth instance of co-operation between the European Broadcasting Union and Philips; meanwhile, the third, *Orlando paladino*, the *dramma eroicomico* of 1782, surpasses all expectations, even those pitched high by *La fedeltà premiata* and *La vera costanza*. Who, apart from diligent score-readers of the Haydn Institute edition, could have guessed that the work held such a store of musical treasure? One longs for some Colin Davis-Anthony Besch team of the future to stage it, and, so doing, to refute received opinion that Haydn's operas are in essence undramatic; but until that day, the gramophone will have preserved much marvellous music from neglect.

Orlando paladino, written for a great occasion at Esterhaza, is a grand and adventurous undertaking that treads a fascinating path between *opera seria* and *opera buffa*, between courtly romance and manifestations of the *merveilleux*—if one wants to retitle it *dramma giocoso*, that is in those moments when the parallels with the as-yet-unwritten *Don Giovanni* loom especially large. In addition to a series of beautifully worked arias, each distinguished by extreme orchestral finesse, the work boasts two large-scale concerted finales which move through changes of tempo and key with something of the variety and excitement of the *Figaro* Act 2 finale. The flaw would seem to be a libretto, distantly derived from Arioso, that is a tangle of loose episodes without sustained dramatic impetus—or rather, whose dramatic impetus is not evoked with any consistency in the music. The performance is exhilarating as a whole, disappointing in some of its vocal contributions (raw sounds from George Shirley, and unfocused ones from Gwendolyn Killebrew, too much ill-pitched bluster from Benjamin Luxon, too little lyrical romance from Claes-Haken Ahnsjö), but also with delights provided by Elly Ameling and Domenico Trimarchi, and with some typically accomplished singing from Arleen Auger in the *prima donna* role. And the boundless enthusiasm of Dorati and his Lausanne players proves irresistibly infectious.

The Books Page will appear in to-morrow's paper and will contain reviews of Graham Greene's new novel and a biography of Edward Thomas.

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BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
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Telephone: 01-248 8000
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Prescription in common

TWO REPORTS on the outlook for the U.K. economy appeared by chance together yesterday, one in a survey by the Organisation for Economic Co-operation and Development, the other in the Bank of England *Bulletin*. The main conclusion of both is similar—that there should be some increase in the rate of economic growth this year and that a Budget stimulus will probably be needed to bring this about, but that the stimulus and the increase in the growth rate should both be moderate. There is some difference of emphasis, however, in the reasons which the two institutions give for recommending a similar prescription.

The OECD is perhaps the less clear-cut of the two. It suggests that a gradual revival is justified because of the high level of unemployment, the need to encourage profits and investment, the international undesirability of persisting in too large a trade surplus, and the need to maintain competitiveness by not allowing the exchange rate to appreciate too far. These reasons do not seem to be altogether consistent with one another; and indeed, after stating that the need to reduce inflation is now a greater constraint than the balance of payments on faster growth, the OECD begins to get worried about the forecast worsening of the trade balance. Its survey was written, of course, in the shadow of the January trade figures.

Sombre outlook

In the field of monetary policy, it goes on to point out, there may be conflicting objectives and there will have to be a certain flexibility about targets —a finding with which both the Bank and the Treasury will heartily agree. Some stimulus may be needed in the field of fiscal policy, to keep the rate of expansion this year within the 3-4 per cent., but it should be understood that the slack in the economy is to be taken up only slowly. Life would be easier all round, finally, "if a consensus could be developed between the social partners about wage and price objectives."

The Bank, on the other hand, is quite clear about the fact that the expansion of the economy this year and next must be limited because of the external rather than the internal situation. It would clearly like to see some stimulus in the Budget, which it would not find incompatible with monetary control provided that the stimulus took the form of tax cuts rather than increased expenditure and so helped to maintain financial confidence. But the stimulus must be limited—despite the fact that the Bank is more sanguine about U.K. "competitiveness" than the OECD—because of the "sombre" outlook for growth in the industrialised world. We need, according to the Bank, to maintain at least a moderate current surplus on the balance of payments, and our record suggests that we cannot therefore afford to get far out of line with what is happening elsewhere.

Import risk

One might niggle about the apparent contradiction between what the Bank has to say about the poor U.K. record for efficiency and service with its statements that the competitive position over the next couple of years is likely to be quite strong by historical standards and that U.K. exports have tended in the past to do well when world trade was depressed. But it, like the OECD, is clearly most worried about the future of incomes and imports. The latest earnings figures suggest an annual rate of increase so far in Phase Three of 13-14 per cent. What happens after next summer is quite unclear: but tax cuts in the Budget and a fall in the savings ratio would themselves produce a sizeable increase in consumer spending and almost certainly increase what the Bank describes as an "alarmingly" fast rate of growth in the import of manufactured goods. That is the fundamental case for moderation.

A partial climb-down

THE GOVERNMENT has gone a long way towards meeting the Confederation of British Industry's objections to the new pay policy clauses it wants to write into government contracts. It was wise to have done so for there was a large measure of overkill in the first draft of the clauses, as the Chancellor of the Exchequer frankly admitted the other day. The changes announced yesterday mean that the new procedures will no longer cover every single subcontractor, however small, but only the main contractor and the sub-contractors he directly employs. If a contract is terminated on the grounds that there has been a breach of the pay guidelines, the firm concerned will no longer lose all its contractual rights, but will be paid up to date save for the profit element in work in progress. Pay settlements have been redefined in a more sensible way, and the undertakings required from firms have been re-written on more acceptable lines.

Arbitrariness

But the draconian nature of some of the detailed provisions in the new clauses was only one of the issues the Government's proposals had raised, and on the wider aspects the Government has held rigidly to its ground. Neither the CBI nor any one else is against the idea of encouraging moderation in pay settlements. There is no reason why governments should not choose from the various competitors for a public contract the firm which best conforms to their conception of the national interest, including in particular its readiness to observe incomes policy guidelines, providing the choice is reasonably consistent with the interests of public economy. Both here and in the U.S., public contracts have long contained clauses requiring firms to observe certain statutory requirements: at present, for example, there is a clause requiring observance of the 12-months rule. But what Ministers have in effect been doing is changing the nature of the present pay guidelines in a way that will aggravate the two main disadvantages of existing practice by making the pay structure of industry more rigid still and by increasing the arbitrariness of the state's dealings with industry.

Intolerable

The guidelines for the present phase of pay policy were intended to permit a gradual return to greater flexibility of pay structures. But this hope has been frustrated largely because Ministers themselves placed emphasis upon the 10 per cent. figure. This was meant to be the average national increase in earnings, but it has instead come to be regarded as the minimum increase in basic pay below which few groups have been willing to settle. The Government has accordingly come to insist both in the public sector, where it can exercise a direct influence over negotiations, and in the private sector, where it can exercise influence through the distribution of contracts and financial aids, that no-one should settle for more.

The effect of this will be to narrow pay differentials still further, freeze existing pay structures however unsatisfactory they may be, and encourage artificial movements of employees from one firm to another. Ministers have been talking of a further phase of pay policy to follow in the summer, and they have retained in the new contract clauses a provision requiring firms to observe not only the present guidelines but any subsequent ones that may be approved by Parliament. It is one thing, however, to require this of contractors when the guidelines suggest a flat rate or percentage for everyone, as was the case in Phases I and II. It is an entirely different proposition to try to do this when pay policy has to accommodate flexibility in pay negotiations, as the next phase surely must. The new contract clauses make the Employment Secretary the sole judge of what constitutes a breach of pay policy. The scope for arbitrary decisions by Ministers will be increased to an intolerable extent if they persist in using the sanctions of Government contracts to implement their views on pay policy after the present phase expires in July.

The wider perils of Israel's invasion of Lebanon

BY RICHARD JOHNS, Middle East Editor

RETRIBUTION against the Palestinian guerillas in the south of Lebanon was promised by Israel and anxiously expected by the world. When it came on Tuesday night it was in the form of the most massive incursion and violation of Lebanon's (highly theoretical) sovereignty since Israel started to respond to the commando raids which began in the wake of the June War of 1967.

This week's operation, involving no less than four brigades, amounts to invasion of a zone which has been a point of high tension for a decade and has the potential to trigger off a regional war or worse. As a retaliatory strike it is also different in kind—aimed at nothing less than clearing out "the infestation once and for all, as the Israeli Defence Minister, Mr. Ezer Weizman, put it yesterday.

In effect, last week-end's wild and bloody rampage by Fatah men have given Israel what it perceives to be, probably erroneously, the opportunity to eradicate for all time the movement which Mr. Menahem Begin, Israel's Premier, has described as an embodiment of evil second only to Nazism.

Certainly, he will not succeed in his promise "to cut off the evil arm of the Palestinian Liberation Organisation," either in its political or military manifestations, even though the exercise may cripple the latter for a long time to come. But in attempting such a task he will probably kill the peace initiative begun so boldly last November by President Anwar Sadat of Egypt—although this may also be a relief to the Israeli Government, which is facing painful decisions and a looming confrontation with the U.S. Administration as a result of the initiative.

Fifth war

Most immediately, and alarmingly, by embarking on the invasion Israel may, intentionally or otherwise, goad Syria into counter-action that however ineffectual could spark off a fifth Arab-Israeli war. At this stage one thing, at least, can be certain: the unprecedented military action will not solve the Palestinian issue, let alone the Middle East problem. It is more likely to inflame it further as the past experience of Israel's policy of retribution has shown.

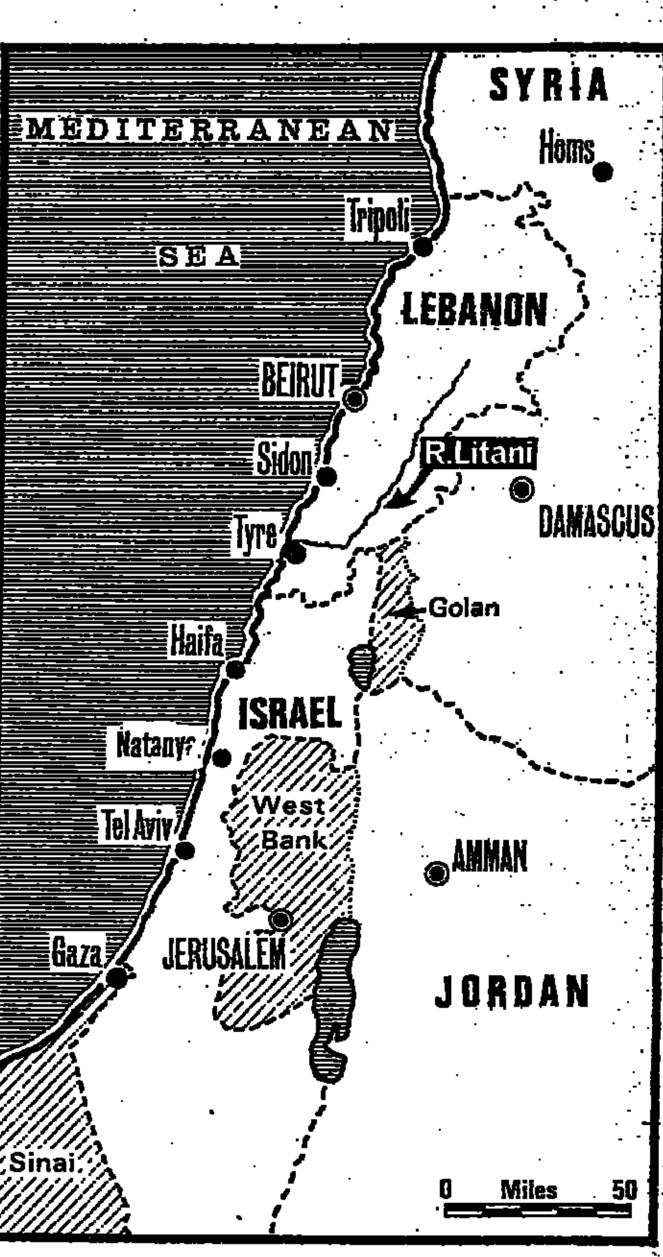
It was not until the June War of 1967 that either the Palestinian Liberation Organisation or Fatah, its leading group and fighting arm, took meaningful form, though they both predated it—the PLO by many years. Ever since that conflict the south of Lebanon has provided the most obvious flashpoint for a spontaneous combustion or a contrived war in the region.

In the early years of the tense decade that followed Israel's great triumph of arms, the commandos concentrated their activities in Jordan and launched operations from there. It was on the East Bank of the Jordan, at Karameh, that Fatah scored its most emotive success when it resisted, and inflicted significant losses on, an Israeli punitive task force. However, subsequent Israeli retaliation by air strikes, particularly against important irrigation works, suddenly created the tension and confrontation leading to the Jordanian civil war of 1970 that emasculated the guerilla movement in the Hashemite Kingdom. The outcome fortified the Israeli conviction that Palestinian attacks on its citizenry ultimately can be countered only by the vengeful use of force of a kind calculated to make neighbouring governments curb the guerilla movement.

But in the Lebanon, the cockpit of the Arab world, Israel, strategy has not been so successful, fundamentally because of the weakness of the government there before the 1975-76 civil war and the absence of any authority there since its end. Fatah operations from the south started after the 1967 war, eventually prompting the dramatic Israeli commando raid on Beirut airport at the end of 1968 in which 13 aircraft of Middle East Airlines were blown up. MEA was back in operation with chartered aircraft within 48 hours—symbolising, in an odd way, the failure so far of the Israeli philosophy of punishment to bring to heel, or destroy, the Palestinian armed presence in Lebanon.

In Lebanon, retaliation has had mixed and confusing results which have proved far more problematical to the overall stability of the region than the 1968-70 raids against Jordan. Israeli reprisals led indirectly to the confrontation between the Lebanese Army and Palestinians in 1969. That ended in an uneasy compromise when, under pan-Arab auspices, the Cairo Accords were reached. Amongst other provisions relating to the refugee camps and the carrying of arms elsewhere in Lebanon, they confined guerilla forces to the Arkoub area behind the shoulder of Mount Hermon, from where they could still cross into Israel. The accords were affirmed by the Shtoura agreement between the Syrian Government, whose 30,000 troops form the bulk of the joint Arab peace-keeping force in Lebanon, by the lame-duck Government of President Sarkis of Lebanon and, somewhat dubiously, by the PLO itself. The accords were to have been observed again under an agreement reached last July, but never were.

By completely involving the Palestinians, the civil war left the border quiet—a fact appreciated by Israel, which provided material support for the Righting Maronites in their mountainous heartland and enabled them to establish a strong foothold on the frontier. The immediate aim, evidently, was to create a buffer zone and keep open the "good fence" border crossings with a view to future open borders and access to the water resources of the south, including the River Litani as part of a peace settlement.



Yet at the same time, the objective has also been to create a force strong enough not only to curb Palestinian activity but to maintain conditions under which the Palestinians might be crushed with the help of the Maronite militiamen, who are reported to be supporting the Israeli invasion. Certainly, it has been Israeli insistence on the Arab joint peace-keeping force not crossing the "red line"—never officially defined but physically understood to mean the Litani River.

Syria has cut the Palestinian guerillas down to size in its abortive attempt to bring about a political solution inside Lebanon, but has been unwilling to suppress their armed presence altogether. The Lebanese Government has not ben able to reconstitute an impartial armed force capab'e of policing the area south of the Litani in accordance with the Shtoura Agreement and Cairo Accords. The Palestinians and their Lebanese left-wing allies, who want to maintain maximum freedom of action, did not want them enforced, anyway.

In practice, the Shtoura Agreement became a dead letter last November when Palestinian rockets killed two Israelis across the border and Israel replied with the massive air strike which left over 300 dead.

Israel's latest operation will be much more successful in killing the real "terrorists," but the PLO will not lie down. Its leaders were resigned to the fact that the guerillas—and Lebanon—would be severely punished for last Saturday's slaughter. To the world at large it may have seemed barbarous. It was, however, a very deliberately planned operation undertaken with the blessing of the highest leadership including, it seems, Mr. Yassir Arafat, Chairman of the PLO and head of Fatah who, as far as appearances are concerned, was conveniently in East Germany at the time.

The Palestinians' specific purpose would have been to destroy Mr. Sadat's peace initiative prior to Mr. Menahem Begin's crucial visit to Washington, originally scheduled for next week but now postponed. It is almost certain that Israel would never have been prepared to negotiate with even a heavily-disguised PLO representative. As it is, the PLO more or less ensured its exclusion from the direct talks initiated by Mr. Sadat by failing earlier last year to renounce violence and to recognise Israel's right to exist. Thus, the organisation also lost any chance of winning the sympathy of the U.S. Administration.

At Israeli insistence Mr. Sadat, in his "historic address" to the Knesset, made no reference to the PLO and has not—publicly, anyway — taken account of it in exploring ways of creating a Palestinian entity on the West Bank and in the Gaza Strip.

After Fatah's bloody adventure on Saturday Egypt expressed the hope that the affair would not affect the already faltering negotiations and pleaded for Israeli restraint. Undoubtedly, Mr. Sadat will have not option but to stall them under pan-Arab pressures of which he must take account. That much was evident yesterday from the editorial in the semi-official Al Ahram condemning Mr. Begin as "the new Hitler" and a "terrorist who speaks like a Rabbi." Considering that talks nearly foundered in January in the face of rather more temperate criticism by the Cairo Press than appeared yesterday, the initial conclusion must be that the chances of even a tentative resumption look, at the best, very slim indeed.

Mr. Begin may be very relieved about that and others in Israel may be cynical enough to see in the Fatah raid some diplomatic benefits. Inevitably, the Israeli Government will use the whole affair not only to emphasise its justification for refusing to recognise the PLO but also to intensify its arguments against the establishment of a Palestinian entity with any real autonomy.

When he does go to Washington, Mr. Begin will, anyway, have an awkward time with Mr. Carter on his Government's "revisionist" interpretation of U.N. Resolution 242, the acknowledged framework for an Arab-Israeli peace from the provisions of which Israel is trying to exclude the West Bank, and also the question of Jewish settlements not only there but in Sinai.

One factor immediately behind Mr. Sadat's initiative was understood to be the warning by President Ceaucescu of Romania (who had previously seen Mr. Begin) that if pressed too hard by the U.S. Mr. Begin "would risk an adventure to change the status quo." Indeed, last summer Professor Moshe Arens, chairman of the Knesset Foreign Affairs and Security Committee, went on record as saying if U.S. "leverage" was applied "war would certainly break out—either because Israel had no choice but to attack or because some Arab Chief of Staff would believe that Israel had been weakened."

It is a scenario taken seriously in Washington. That is one reason why Mr. Carter decided, as an act of policy, not to use pressures available to him to extract Israeli concessions. Nevertheless, last summer Mr. Meir Amit, just before he joined the Government as Minister of Transport, explained how intervention in the Lebanon could be used to illustrate "the need for differentiating between political and security borders."

Predicament for Syria

Whatever Israel hopes to achieve from the invasion, apart from destroying the PLO's fighting arm, its action has posed an acute predicament for Syria. While the Syrian media cautiously praised the bravery of the Fatah gang last weekend, officials in Damascus nervously condemned the raid, charging the PLO with having plotted to put Syria in an embarrassing position. With his general prestige and position at home at stake, President Assad cannot easily watch the huge Israeli intrusion into a neighbouring country which is effectively under his care. At the same time, he would genuinely fear that Israel might be tempted into an all-out conflict in which Syria's Armed Forces would be devastated and he would, at the most, receive only token Egyptian support. By yesterday evening Syria had made it known only somewhat obliquely, that its aircraft would be available to protect the joint Arab peace-keeping force from Israeli artillery.

Knowing its huge military superiority and the divisions within the Arab world, Israel was able to embark on its Lebanon operation confident in its strength and probable immunity from any bullets but those of the Palestinians. But it must be concerned about the U.S. reaction. In the same interview, Mr. Amit said of intervention in Lebanon that "there should be prior agreement with the Powers — in our case the U.S."

Washington was, as it happens, informed only as the operation started and will no doubt be deeply angered, as well as concerned about the Soviet Union's reaction. The exercise launched to exterminate the Palestinian fighters thus can only sour relations with the U.S. It will not only darken the cloud over Mr. Begin's visit to Washington but — more seriously—dim further the already faint prospects for peace in the region as a whole.

MEN AND MATTERS

Youthful option lessons

The chaps on the floor of the Stock Exchange may have been wondering who was that debonair American with the Mexican moustache who was strolling through their midst yesterday morning. Well, fresh from Chicago he was trying to help us avoid the mistakes which had been made when the Windy City's options exchange opened. Our own option market is due to start here in early April. One big institutional investor was telling me that "it all sounds a bit confusing," but the American, 27-year-old Mark Harman, says that in general we are not one bit more cautious than the U.S. He had spent four years on the Chicago Board from the age of 18, and later—despite his tender years—was trading his firm's money for six months. Sheppards and Chase have invited him over, telling me this was "to educate us and for him to get experience of the London Stock Exchange."

Harman told me that the Chicago Board firms which have gone under recently have been victims of changes in the commission system there, never because of option losses. Would not the new London market only benefit speculators? "Oh, no," Harman said, "it provides an avenue for investors limiting their risks, a type of insurance."

Safe driving

With an eerie silence still surrounding the kidnapped Baron Empain, more business leaders in Europe are seeking a combination of discretion and security for the daily round. I gather that BMW sales are "volatile" just now because German bosses are switching to less identifiable models. To cater for corporate anxieties, more manufacturers and specialist carbody firms are rushing to bring out gangster-proof models.

Latest in this field are the Swedes, with a bullet-proof Saab 99; it costs £27,000, compared with around £7,000 for the standard model. A colleague in Stockholm was told this week: "There is a popular demand—and it is a cheap product." I suppose anything is cheap if it saves you from kidnapping. Except for the price, almost everything about the "safety Saab" is secret—especially the site of the production line.

Saab says enquiries have been numerous—especially from diplomats and banks. I also hear that business is hectic for an anonymous Midlands company that concentrates upon fitting Ford Granadas with armour-plating and a range of other protective devices.

Wife advice

I have not seen many British business magnates producing autobiographies on the rags-to-riches stories of their lives. But a Turkish millionaire Vehbi Koc, has done so and has just had his memoirs translated into English. His group is big. Its consolidated sales of everything from cars to cement totalled $1.7bn. last year, which is not bad going for someone who started with a grocery store. There was some fuss recently when the original typescript was stolen. Shortly afterwards a not-too-flattering version of a career similar to the 77-year-old Koc's appeared in a book called "Emperor." Written by Erol Toy, Turkey's version of Harold Robbins, this became a best seller.

What I liked about Koc's own book was the concluding section, "My advice to businessmen and the young." This firstly tells aspirants to be modest and work hard, then goes on to some fair points about honesty.

"Does he want to learn from our mistakes or us to learn from his?"

Learn to drive and caution with drink are naturally there, but so is the warning that employees who make money and change their wives may fail during times of crisis. As for marriage, he urges this be approached properly: "I have known many friends in official positions in trade and politics who did not marry at the right time and by old age they were in terrible shape. Others married late in life and to add to that took young wives. They did not live long."

Political chestnut

Sir Harold Wilson won a laugh yesterday at the annual conference of the Institute of Credit Managers by saying that he had never read Marx's Das Kapital because he could not get beyond the massive footnote on page 2. However, it looks as though the old entertainer is running low on quips. This one was attributed to him 12 years ago in Anthony Sampson's Anatomy of Britain. Sir Harold also tried it out last year on the Italian newspaper La Repubblica — which was not especially amused. It found this a remarkable admission from one who had been an economics don, not to mention the leader of a political party that always sings "The Red Flag" at the end of its annual conference.

Quite a killer

They say that TV violence is not proved guilty of affecting juvenile attitudes — or even of giving the most sensitive mite nightmares. So what can be wrong with the latest offering from Time-Life books? Called Dangerous Sea Creatures, it is an obviously offspring of Jaws. Needless to say, this happy volume is lavishly illustrated with every fearsome creature of the deep ever discovered.

But the key marketing device is what the publishers happily call "A Jumbo Chart of Killer Sharks." The brochure that has just reached me shows a happy family group clustering around the chart, which is described as "perfect for hanging in the children's room." Life has moved a long way from Beatrix Potter.

Matter of timing

An American tourist, returning to his London hotel early yesterday, told the hall porter that he had been robbed after leaving a certain Soho night club. "After, Sir?" the night porter said. "I would not have thought that possible."

Observer

ADVERTISEMENT

Paper sacks: a made-to-measure service for all product packaging

ONE OF THE most significant and important developments in materials handling during the past decade has been that of the paper sack.

Only a hundred years ago sacks were made of linen, jute or cotton. Before that, bulk goods such as grain, sugar, flour and salt, were shipped in barrels or wooden cases.

The first paper sack was simply a tube which was cut and tied up at the bottom, filled, and then tied up at the top in the same way. The next development was the sewn paper sack; the bottom sewn during production and the top tied after filling.

RESEARCH

Even as recently as the 1960s the paper sack was regarded as little more than a large paper bag and certainly not a serious contender in the bulk carriage market—in spite of a great deal of serious research into its manufacture and qualities in the preceding 30 years.

But today, following an intensive programme of research and development, backed by an impressive capital investment, British paper sack manufacturers claim that they are in a position to offer their customers one of the most flexible, stable and economic packaging units yet produced. The research programme was largely dictated by the ever-widening range of products required to be transported and stored in bulk, and the increasingly sophisticated handling and distribution techniques introduced by the end user. But such has been the programme's success that manufacturers can now develop and produce paper sacks to the customer's strictest specifications—a made-to-measure service.

Filled and closed sacks are conveyed for flattening and palletisation prior to distribution.

To co-ordinate the work being carried out in the dozen or so individual companies making paper sacks, the Paper Sack Development Association was created, and it quickly became obvious to its member companies that just to react to market demands was not in itself enough. While providing the goods, it was not providing a service and much of the industry's investment has been channelled into developing filling, handling and distribution equipment which offers industry the most efficient, versatile and cost effective packaging and distribution systems that modern technology can devise—each system being designed to meet specific customer, product and handling needs, although sacks can be made to adapt to any new or existing filling and handling equipment.

CHALLENGE

Indeed, the need for complete packaging systems presented a challenge that the paper sack industry readily accepted and today the Association's member companies can provide expert technical advice on the filling and handling of paper sacks and the warehousing and transporting of filled sacks. A number of member companies produce the equipment that is widely used in industry; weighing and filling machines that can handle any powdered or granular product, that can fill paper sacks at high speed, ancillary equipment for sack closing, flattening, shaping, conveying and palletising, whether the requirement is for low or high output.

The modern paper sack provides storage for literally hundreds of different commodities, ranging from chemicals to ice cream and including cement, china clay, coal, fishmeal, flour, potatoes and sugar.

The modern paper sack is, briefly, a flexible container made from one to six walls (or plies) of paper, some treated with protective coatings. "Coatings," in this context, include film, foils, laminations, impregnations, surface and other treatments according to the degree and type of protection required to safeguard the quality of the contents.

Sacks are made in tubular form, with each ply bearing its proportionate share of the burden, and with all plies of the sack contributing to a combined total of great flexible strength.

Current specifications for sack constructions and, equally important, the various types of sack closure, have been developed by scientific evaluation of the performance of paper sacks over a long period. This research has led to continual improvements in the durability of both papers and closures. It is therefore most important to select the right sack for each job, involving meticulous research and planning. Economically, it is as damaging to overpackage as it is to underpackage and it is important to know from the start the basic range of sacks and closures currently in everyday use.

DEMAND

Sacks can be divided into two types—open-mouth and valve. As its name implies, the open-mouth sack is closed at one end during manufacture and has a full width opening for filling while the valve sack is closed at both ends during manufacture with a corner opening, or valve, through which the sack is filled.

By modification to the basic unit in the course of manufacture, sacks can meet every conceivable storage and handling demand, from polyethylene liners to hold extremely hygroscopic, oily or gaseous materials, to the ubiquitous refuse sack widely used by local authorities, hospitals, catering establishments and industry. These latter sacks are constructed of wet strength, one- or two-ply kraft paper and are designed for use outdoors, for bin-liners or with sack holders.

The properties offered by the carefully and scientifically constructed paper sack have many advantages over other forms of container and the sack making industry claims the following attributes for its products:

Paper sacks provide excellent protection in the transport and handling of goods at a reasonable cost level.

They are easy to handle, for example, to carry and empty. Sacks keep their shape very well; which makes it easier to stack them on pallets. Expensive storage space can therefore be made best use of.

As paper has a relatively high coefficient of friction, stacks of sacks are stable and safe.

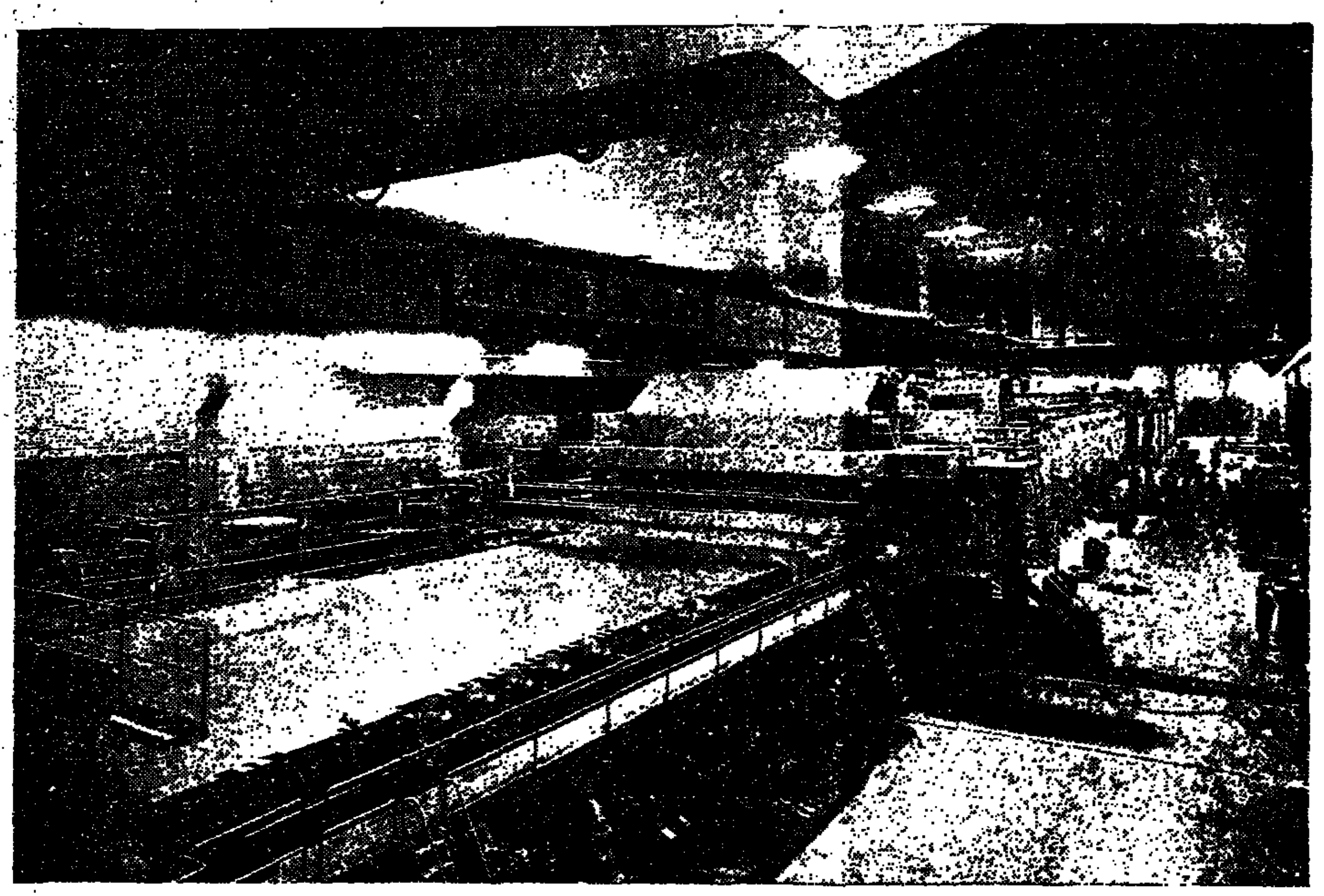
Another advantage is that it is very easy to create a selling package—it is easy to print the names of products and information about them on sack paper.

It is also straightforward to adapt the sack to special requirements, for example, if it is necessary to protect the contents against damp, insects, or other external attack. Paper is biodegradable—no dangerous substances are released if it is burnt or composted. Paper can be returned to the cycle of nature without any harmful effects.

Interesting variations on the end use of sacks can be found throughout the world. In Sweden and Denmark, for instance, sacks are mainly used for the collection of refuse, while in the rest of Western Europe 35 per cent. of the consumption is used for the carriage of building materials.

The following table gives an interesting breakdown of sacks used in Western Europe.

	%
Building materials	35.5
Mineral products	4.1
Flour	4.8
Sugar	2.0
Potatoes	3.5
Other food products	4.4
Animal feed	19.0
Chemicals	8.1
Fertilisers	3.4
Refuse	8.0
Miscellaneous	7.2
	100.0



Today's kraft paper machines can produce reels of up to 50 kilometres in length at speeds of 650 metres a minute.

The complete storage, handling and distribution system . . . .

for everything from hot bitumen to frozen food

THE UK paper sack industry is the most highly developed in the world and accounts for nearly 20 per cent. of sack usage in the 15 Western European countries.

In one market alone, agriculture, the total annual production of one crop, potatoes, both for distribution and retail is at some stage packed into paper sacks, whether 56 lbs (often packed in the field or from clamps) or into smaller carry-home retail packs.

Larger still is the animal feedstuffs market where over five million tonnes of the product are packed into paper sacks for distribution to the nation's farmers every year.

The UK chemical industry, one of our economy's major growth areas and certainly one of our leading export successes, is firmly committed to paper sack packaging. This is possibly the most demanding application for any packaging medium. The wide variety of chemicals, their differing properties, the need to comply with international health, safety and transport regulations—coupled with the fact that the packages are sometimes manhandled on arrival at their destination, perhaps in Africa or the Middle East—places severe demands on the packaging material.

EFFICIENCY

The paper sack meets these demands because it is purpose-designed to fit into the industry's packaging systems, often incorporating specialist or reinforced outer plies to withstand the hazards of the journey while at the same time protecting the contents with foils, films, laminates or a combination of all three.

Ever increasing warehousing and transport costs and the relationship between production and distribution systems have now become critical in both economic and efficiency terms in product packaging. Within this context, the demands placed on packaging materials are crucial and systems decisions, once made, are unlikely to be changed quickly or modified.

It is against this background that paper sack manufacturers market their products:

The new range of sack systems now used by manufacturers has gradually changed the face of sack packaging and handling in the UK.

RECYCLED

Most of the kraft paper used in the manufacture of sacks in this country is imported for conversion from Scandinavia and North America; Sweden, Norway and Finland alone produce over 1,000,000 tonnes a year and it is the technological improvements in the production of kraft which have formed the basis for subsequent advances during conversion. UK manufacturers also use home produced kraft made from indigenous resources including recycled fibre.

Timber, the raw material for paper, is, of course, self-regenerating and the great debate into the use of energy and natural resources which was waged in the early '70s did a great deal to reinforce the argument for packaging systems whose materials are replaced naturally and can, if necessary, be recovered and recycled.

The paper making machines used in Scandinavia today are up to 11 metres wide and 100 metres long. They are equipped with in-line computer control for more consistent quality. A single machine can now produce over 100 000 tonnes of kraft paper a year at an average speed of 650 metres a minute.

The technological improvements in the manufacture of kraft paper have allowed UK converters—the members of the PSDA—to upgrade their sacks and develop new types. Most of the original sacks were merely open-mouthed bags which were closed by stitching, stapling or wire tying.

IMPRESSIVE

The industry's research and development has concentrated on two main areas. The first, sack construction, has resulted in the use of a wide range of paper, often used with film, foils, special coatings, laminations, impregnations, surface and other treatments designed to provide the right degree and type of protection to safeguard the contents.

One of the more impressive results of these developments can be seen in the packing of hot bitumen into paper sacks. Equally impressive, but perhaps not so spectacular, are sacks specially designed to pack foodstuffs such as milk powder for United Nations relief organisations. These sacks and their contents often travel great distances after being in store for a considerable time. Despite rough handling and transportation through differing temperatures and climates, the contents arrive in perfect condition.

Together with changing constructions, the industry has developed new types of sack, particularly in the area of the valve sack.

The open-mouth sack is closed at one end during manufacture and has a full-width opening for filling. Valve sacks are closed at both ends during manufacture with a corner opening or valve through which the sack is filled using a valve packing machine.

Both these sacks have enabled PSDA members to offer their customers paper sacks which can cater for the widest possible range of materials and meet the requirements for automatic packaging.

The initial stages of filling and closing are dependent upon the weighing of the material into the sack. Weight tolerances are controlled by law and the problems of maintaining or improving throughput while continuing to meet statutory weight requirements is an area where research and development has already provided sack users with specific benefits. Packing machines are now available which can be operated fully automatically and provide digital weight read-outs electronically.

Filled and palletised sacks, loaded for distribution by road, can be broken down for multiple drops if required.

Similar improvements in systems have automated onward handling from the closing stage—automatic palletisation and unitisation by stretch or shrink-wrapping are now common in sack packaging installations.

MARKETS

The results of these activities by sack manufacturers are reflected in the share of the packaging market which they currently hold.

Despite competition from other systems, the paper sack has maintained its share of traditional markets and new applications are now opening up in new areas. Over a million paper sacks are now used every week to transport merchandise to customers by mail order houses. Paper valve sacks are used to pack a wide range of plastic resins, including high and low density polyethylene.

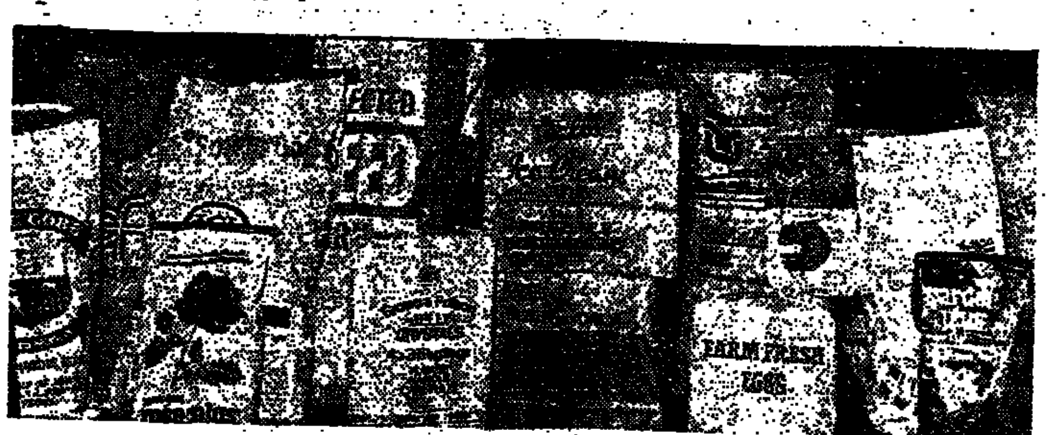
Frozen foods are often packed several times in paper sacks, both as bulk packages and as outer containers for retail packs on their journey to the consumer. Their inherent properties easily withstand the problems of both moisture and freezing during processing and storage, in distribution, and even in the final journey as freezer centre checkout sacks.

Frozen fish, cake mixes, food additives, cocoa and cocoa butter, starch and milk powder are just some of the other commodities packed daily into paper sacks by the food industry.

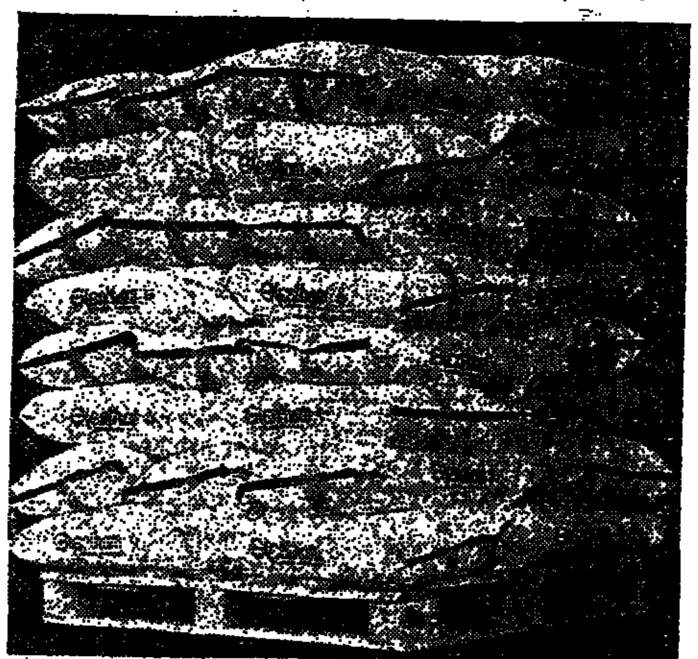
All products packed into paper sacks have one common denominator . . . they are all packaged in purpose designed sack systems.

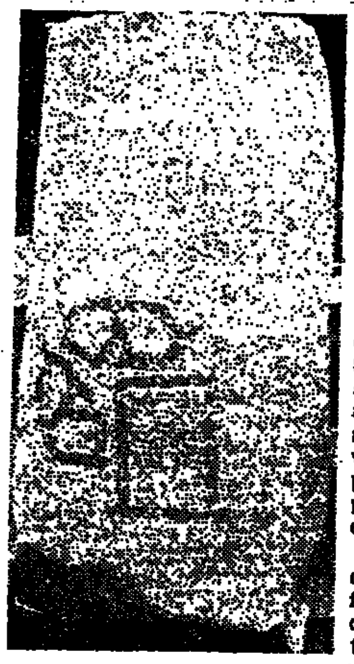
ADVERTISEMENT

Improved graphics add a new look to paper sacks



Improved printing techniques have made a huge contribution to the paper sack industry, as may be seen by the variety of eye-catching graphics pictured above. Whether filled and stacked for despatch (below left), in use (below right and bottom left) or being flattened and shaped before palletisation (bottom right), the paper sack can carry a printed message, company logo or contents identification which is always clearly visible.





IT IS QUITE possible that the almost universal acceptance of the paper sack is due in no small measure to the parallel improvement in both graphics and printing techniques.

Early sacks were printed with aniline inks which were made from soluble dyes, dissolved in water or alcohol. The results left much to be desired and most observers can recall the uniformly flat and uninspired lettering in black ink on a brown background.

Today we can enjoy the results of the rapid strides made in design, inks and process, in almost all wholesale and retail outlets, garden centres, laboratories and so on.

It is worth noting here that printed sacks, and sacks incorporating coloured plies, are often used in hospitals and industry to identify particular types of waste, and this same facility is widely used as an aid to efficient stock control, making contents immediately identifiable, to convey usage instructions to customers or clearly to identify hazardous materials.

ECONOMY

Printing is an integral part of paper sack manufacture, using a flexographic process. Although other processes, such as photogravure and heat set are employed, the economy, versatility, quality and simplicity of flexography make this process the first choice of most end users.

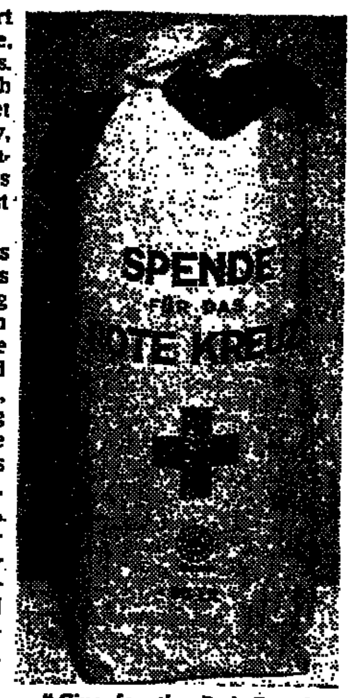
All paper sack manufacturers offer artist and studio facilities for originating or improving designs, which can range from the simple statement of the producer's name, product and statutory markings to intricate, detailed design incorporating logos, handling and storage instructions, hazard warnings and photographic reproductions.

For the more detailed designs, black and white artwork is prepared and from it photographically etched metal printing plates can be manufactured in either line, tone, or a combination of both, from which a rubber stereo is made.

When considering which type of design is required, it should be remembered that the more detailed the design the more expensive it will become. In halftone printing, allowance has to be made for the preparation of black and white artwork and zinc master plates in the stereo production. Additionally, such printing could reduce the press running speed and add to costs.

The four-colour printing of sacks can be supplemented by the use of coloured kraft paper as a base and good commercial colour matches can be produced from samples printed on a similar paper. The substrate, or paper, surface has a major influence on the resultant printed colour or shade. The colour printed on a light, reflective paper, would appear considerably different from the same colour printed on a darker surface. Additional variations in shade will be produced from papers of differing surface texture and porosity.

Today, printing inks can be formulated to meet specific requirements and manufactured to produce high quality prints with acid or alkali resistance, rub and water resistance, fastness to light or non-toxic qualities.



"Give for the Red Cross" is the message on this paper sack. Throughout the world, companies, local authorities and other organisations are increasingly appreciating the graphic advantages of the paper sack.

Martin Buckley, chairman of the Paper Sack Development Association.

New range of paper sacks will meet the needs of the 1980s

PSDA Chairman Martin Buckley reviews the present and future role of paper sack manufacture— an industry with over 50 years' involvement in packaging and distribution

Automatic filling and closing equipment is widely available throughout the paper sack industry.

FOR MANY years now the products manufactured and supplied by members of our Association have played a major part in UK industry's packaging and distribution system. Like many other traditional supply industries we have had to meet the challenges to our market posed by new products, new manufacturing techniques — and alternative packaging systems.

The fact that our industry manufactures some 1,100,000,000 sacks each year demonstrates that these challenges have been effectively met. And recent new sack applications leave us in no doubt that there is still room for further growth for the product.

During the last decade our members have developed a whole new range of sacks. This quiet revolution has involved new construction techniques and new materials, providing customers with many benefits, not the least of which is cost-saving. Hand in hand with the development of the modern paper sack our industry has also introduced new machinery and equipment designed to integrate sack packaging into today's sophisticated handling and distribution techniques.

Even in the light of the economic setbacks of the last few years we see an increasingly bright future for sack packaging. This is why our Association is now undertaking an extensive and wide-ranging educational programme to put the technological advances made in sack packaging systems before its customers and potential customers.

This programme is directed not only at industries who are traditional users of paper sacks: agriculture, chemicals, animal feeds, rock products and foodstuffs, but also to areas where new users have already utilised the advantages of new constructions and improved graphics, such as the manufacture of petfoods, frozen foods and the do-it-yourself sector.

Looking to the next few years when, we hope, the long awaited economic upturn will result in an improved industrial performance it is likely that the paper sack will continue to receive wider acceptance and use. The considerable benefits offered by a commodity which is obtained from a renewable source — kraft paper — are already well understood by the packaging industry. The economic benefits of a strong, low cost, light container, which is non-returnable are also equally well understood.

> 'We see an increasingly bright future for sack packaging'

The pressures upon industry to hold down costs are as strong as ever. It is a fact that handling, storage and distribution can account for as much as 30 per cent. of total product cost—excluding packaging. The fully integrated paper sack packaging systems offered by our members today will ensure that these costs are, as far as possible, contained.

As an industry we welcome the challenge that new production, handling and storage techniques pose. The publication of our technical manual "Paper Sacks in Packaging, Handling and Distribution," the first of its kind in the world, demonstrated the need for any industry to provide this type of information to its customers.

POSITIVE

Over 5,000 requests, from all over the world, were received by the Association for copies of the manual prior to its publication. And we believe that by quantifying the information about our product and its application we are both preserving its effective life and expanding its use.

As an industry we are committed to working closely with our customers to ensure that our products will continue both to meet their needs and to make a positive contribution to enhancing their profitability.

We look forward to the 1980s with confidence.

ECONOMIC VIEWPOINT FROM WASHINGTON

An all-too-familiar story

THE AMERICAN economic scene is depressingly like a re-run of an old and familiar film, even though the cinema manager insists that it really is new and different. When a group of establishment economists, ranging from Arthur Okun and Walter Heller on the centre left to Henry Wallich on the centre right, write a joint letter to the New York Times to urge fiscal penalties to support wage and price regulation after a protracted miners' strike, the feeling of *deja vu* is irresistible. It is increased when the New York Federal Reserve announces to an unsurprised world that it favours an incomes policy.

Indeed the New York Fed employs writers who seem to have learned their style from early issues of the Bank of England bulletin. Who else outside these two institutions would write "under such circumstances the exchange market became increasingly one-way and unresponsive to economic fundamentals." This simply means that the dollar fell, even though we told the market that it was wrong.

The Administration sees the dollar problem mainly in terms of the $31bn. trade deficit and $19bn. current account deficit recorded in 1977. This is attributed to excessive energy imports and the obstinately slow growth of other industrial countries. In fact, countries such as Germany and Japan import a far higher proportion of their energy needs than does the U.S. When there are up to $500bn. held overseas, the financing of the current deficit is a mere fleabite. The root of the problem lies in the capital account.

Despite a record interest rate spread in favour of the U.S. oil producers and international holders are worried that too many of their assets are in dollars and are trying to shift their portfolios to other currencies and to lag their commercial payments against the dollar.

The adverse shift of sentiment cannot be explained by any simple comparison of recent movements of costs, prices or the money supply in the U.S. and other countries. The comparisons are, if anything, in favour of the U.S. As Professor Alan Meltzer of the Shadow Open Market Committee (a group of economists) emphasises, such data cannot explain a 20 per cent. fall of the dollar in terms of the D-mark and yen since January 1977. The real point is that since the oil price increases of 1973-74, oil producers have developed a desire to diversify their short term assets, and it only takes some uncertainty about future U.S. inflation for selling pressure to develop.

Like the British Treasury in the first half of 1976, the U.S. Administration is arguing that large budget deficits and budget expansion are not inflationary because the economy is working so far below capacity. In both countries behind a seemingly technical argument on monetary policy, there lies a profound difference of opinion about the working of the labour market and the interpretation of current unemployment.

Washington even suffers from a familiar stereotyped left-right rift. The First Monday of October, a play recently running here, has as its theme a conflict between a newly appointed female Supreme Court judge played by Jane Alexander, who is interested in the rights of business but censorious about so-called moral matters; and an old-time radical played by Henry Fonda, whose bias is precisely the opposite. If you happen to believe in capitalism and the permissive society you will have to go to California where they expect you to drive a car. Alas, I don't.

But the U.S. is not run from California, and there is no real mystery about what will happen if the pressure on the dollar continues. Why look at the crystal ball when one has seen the Johnson and Nixon administrations, not to speak of British governments in similar positions before.

Any respite granted by a coal settlement is likely to be a brief one. The obvious next move will be some major official borrowing denominated in foreign currency on the private capital markets. The U.S. Treasury's opposition to this course, actively advocated by the Germans, may prove no more durable than the British Treasury's initial opposition to foreign currency borrowing by the public corporations.

But even a $10bn. or $20bn. borrowing operation would still be basically cosmetic. A domestic soft option which could be tried would be to cancel the increase of social security contributions at the risk of having smaller general tax reductions. As it is, public opinion polls show that Americans are very sceptical of these reductions as they see that they do little more than offset the effects of inflation on the tax take. Another likely move would be some concessions to Congress to get an Energy Bill through quickly. But almost any energy policy, whether a tax, an import levy, or a lifting of price controls would add a point or two to the price level.

The underlying inflation rate has been just over 6 per cent. in 1977. Monetary critics expect it to rise to 7 per cent. by the end of 1978, and then to go higher. Administration economists agree, although for different reasons. But I fear that both groups are far too optimistic about the effects of the sharp fall of the dollar on domestic prices. These are underestimated by nearly all the forecasting models. Consumer prices are, in any case, expected to rise at an annual rate of 9 per cent. in the first half of 1978 because of "special factors." The doubt is about whether the increase really will fall back afterwards or start moving up towards double figures.

INVESTMENT OF OIL EXPORTER SURPLUSES
($bn.)

	1974	1975	1976	1977 Year	1977 1st qtr.	1977 2nd qtr.	1977 3rd qtr.	1977 4th qtr.
U.K.	21.0	4.3	4.5	4.1	2.2	1.8	0.7	−0.6
U.S.	11.0	10.0	12.0	8.9	3.9	1.2	2.3	1.5
Other Countries*	20.6	17.4	17.3	19.7	5.5	6.0	3.1	5.1
International Organisations	3.6	4.0	2.0	0.3	0.1	0.1	0.1	—
TOTAL	56.2	35.7	35.8	33.0	11.7	9.1	6.2	6.0

* Including special bilateral facilities and other investments and loan to developing countries.

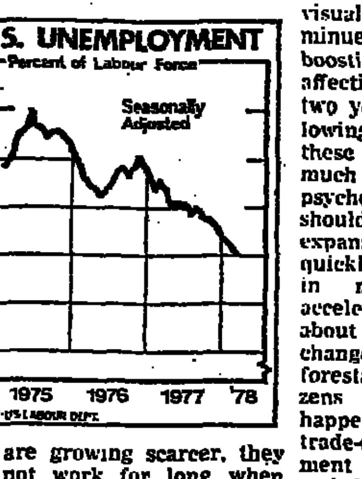
Source: Bank of England Bulletin

The writing on the wall is visible enough. The U.S. is, in my view, going to take another plunge into prices and incomes policy in months rather than years. The main uncertainty is about the exact weapons to be used. If the Administration wants to go in for arm twisting or blacklisting, it has many more weapons to hand than the British Government. Contrary to popular belief, the U.S. is a highly regulated and bureaucratic country—which is quite consistent with large fortunes being made. The manager of a U.S. plant is probably subject to more rules and restrictions than his opposite number in Hungary or Yugoslavia. Recent regulations on health, safety, environmental controls and anti-discrimination have been in very general terms and left the detailed formulation and interpretation to government agencies which are in a position to turn the heat on any corporation that incurs Presidential ire, as U.S. Steel did when it increased prices in Kennedy's time. The main weapon of self defence would be the almost nuclear threat to go out of business, which only works for the large guys.

The kind of mind that favours wage and price controls tends also to favour direct action against imports if the trade balance continues to cause worry. There is a precedent in the surcharge on manufactured imports imposed in 1971 by President Nixon. Such a measure can be wrapped up in all sorts of ways and presented as temporary and not protectionist. Although not as probable as wage and price controls, I should give odds of more than 50-50 on something like it occurring.

But despite the array of Federal weapons, the economic climate is not one in which wage restraints or import surcharges are likely to work even in their normal, temporary way. In contrast with Britain in the last three years, both fiscal and monetary policy are highly expansionary. The President is budgeting for a $60bn. deficit in the fiscal year up to end-September 1979. This is higher than the probable outturn this year. Even on the corrected "high employment" basis it is forecast to be $37bn., compared with $10bn. in 1976-77. The remarkable thing is that the budget deficit should be rising in this way not in a recession but in the midst of a powerful economic expansion which has been going on since 1975.

Some of the old rules of economic management have up to now still worked in the U.S., unlike Britain. Demand boosting policies have succeeded in bringing about a dramatic reduction of unemployment from a peak of nearly 9 per cent. three years ago to 6.1 per cent. this February, all on the higher U.S. definitions. The averages conceal many disparities. Black unemployment is still nearly 12 per cent. and teenage unemployment over 17 per cent. On the other hand, adult male unemployment is down to 4.5 per cent. and labour shortages are now appearing. Total employment has increased by well over 4 percentage points in a year, and a record proportion of the total population is now in paid work. Whatever may be the effect of wage controls when



jobs are growing scarcer, they will not work for long when employers are chasing workers.

Monetary policy has been pointing in a similar direction. Behind the smoke of Dr. Arthur Burns' pipe, the narrowly defined U.S. money supply accelerated from 4½ per cent. growth in 1975 to nearly 7½ per cent. supply in 1977. The official target rate has for some time been 4-6½ per cent., and has just been reaffirmed by Mr. William Miller, the new chairman of the Fed. The target is not either dropped or achieved, but is simply moved forward each quarter on a rolling annual basis.

If anything, critics of the Administration understate the monetary stimulus. Since October there appears to have been a largely unintended slow-down of the growth of the money supply itself. But the monetary base, which determines the lending capacity of the banks, when stretched, has continued to grow by 10-12 per cent. per annum.

Monetary policy is still visualised in terms of a stately minuet with expansion first boosting real activity and then affecting prices after a one to two year lag, with velocity following a predictable path. But these regularities cannot last much longer once inflationary psychology gathers pace, and I should expect future monetary expansion to feed much more quickly into prices, possibly in magnified form. This accelerated reaction could come about through the foreign exchange market, or through the forestalling action of U.S. citizens themselves. Once that happens, even the temporary trade-off between unemployment and inflation will vanish as it has in Europe, and the old rules will be dead.

What all this adds up to in practical terms is that in addition to any wage and price controls there is also likely to be a fiscal and monetary clamp-down, however hotly the need for it is denied. Economists argue about whether the brakes will be slammed on in 1979 or 1981 (leaving out 1980 for obvious reasons). My own suspicion is that it will occur earlier.

Samuel Brittan

Letters to the Editor

Law and order

From Mr. C. Radmore.

Sir,—I am glad that Mr. Hayward (March 8) and I can agree on one thing, that the greatest deterrent to the criminal is the certainty of being caught. He has, however, fallen into the "our figures are better than yours were" trap, which cuts very little ice with the electorate.

It is true that police manning is greater in total, at present than it was in 1974, but it is also true that the gains made in 1975 and 1976 were mostly among women officers. At a time when the Home Office has announced an increase of 15 per cent. in crime statistics (a 12 per cent. increase in London) it is important to compare the latest police manning levels with those of the previous year. At December 31, 1977, police manning in England and Wales was 108,201 compared with 109,476 on December 31, 1976; this net loss of 1,275 is made up of a loss of 2,275 men and a gain of 1,000 women. The comparable net loss in the Metropolitan area is 191 and Scotland Yard says that in "the first few weeks" of 1978 it has lost 60 officers.

These are the continuing trends which coupled with the rise in the crime rate and a less than 50 per cent. overall detection rate are concerning every law abiding citizen and to say that we spent £250m. more than you did is no answer to the problem. Socialists never seem to learn that spending more money is not the panacea for all social ills.

Mr. Hayward scoffs at the notion that people are afraid to open their doors at night, but if he and his colleagues in the Labour Party actually took the trouble to go and talk to the voters, they will find out that I and other Conservative colleagues do not exaggerate this problem; quite the contrary. The fear of burglary and mugging is already there, and it cuts across age groups, social groups and party loyalties: it is just as apparent in the mansion flats of Bloomsbury as it is in the council estates of Somers Town, and it will not go away because Mr. Hayward, Mr. Rees and other Labour worthies would rather not talk about what they see as a potential vote loser.

People want a better paid and more effective police force to protect them and the police want the opportunity to provide that service. By its treatment of the police, the Government has shown a scant disregard for the desire of people to have better police protection against increasingly violent crime.

The Labour Government has done badly in responding to the people's fears; the Conservatives will do better.

Christopher Radmore.
Holborn and St. Pancras South Conservative Association.
26, Argyle Square, W.C.1.

Management voices

From the Director General, British Institute of Management.

Sir,—Mr. Jason Crisp's article (March 10) entitled "Is the BIM managing to make itself heard?" raised an important question, but unfortunately it then went on to pass judgement on a different point that seemed to be based on a curious criterion. The answer to the question is a clear "yes." The record of the way it has reported the views of its members on special questions such as taxation, pay policy, inflation, economic policy, industrial democracy, and a number of other important issues shows this. That it is also increasingly listened to is also evident from this experience.

But to proceed to question the efficacy of these representations which arise from consultation with our members because they are supported also by senior managers who are in membership with us, seems to be a surprising example of inverted snobbery. On virtually all the issues affecting managers with which we have dealt on behalf of our members there has been a close identity of opinion showed by junior, middle, and senior level people. Are those views to be considered weaker and less valid because of that? Would they be better regarded if there were strong differences of opinion?

BIM's council is made up of a cross section of managers of all levels, and half of them are elected by the membership. We must remember that to-day's top managers were yesterday's middle managers, and to-day's middle managers are to-morrow's top men.

Roy Close.
Management House,
Parker Street, W.C.2.

Investment in Merseyside

From Mr. J. Riley.

Sir,—The concern expressed by Mr. Robert Kilroy-Silk, Labour MP for Ormskirk, about the intended closure of the Birds Eye factory at Kirkby (March 8), with the loss of 1,500 jobs, is understandable and commendable. In calling for the cutting off of all Government aid to Unilever however, he runs the risk of cutting off his nose to spite his face, which is a risk he evidently is willing to take, but which many other electors would not be.

There can be little doubt that, in deciding whether or not to invest the capital entrusted to them in Merseyside, or whether or not to continue in business there, most employers will have taken the present level of Government grants into their reckoning and therefore withdrawal of such aid by legislation could be expected to put the future of more firms in jeopardy and with them the jobs of electors in Merseyside.

Similarly, it is safe to assume that Unilever will also have taken Government aid into its reckoning and if Mr. Kilroy-Silk's suggestion is followed of withdrawing aid by discriminating against Unilever in particular, this could be expected to put the future investment programme of that company in jeopardy—at any rate in the U.K.—and with that the jobs of other electors elsewhere in the U.K.

To be kind to Mr. Kilroy-Silk, he might have suggested his "remedy" in his haste to show concern. It would be more helpful however, if he would look further into the reasons behind this decision by Birds Eye to pull out of Merseyside, and if time permits, ask British Leyland to detail more fully the reasons for its decision at Triumph. If the Government aid scheme is not seen to be attractive, and to work successfully on Merseyside, there might be good reason to change it; or perhaps try it elsewhere.

Jack Riley.
19, Canterbury Avenue,
Lancaster, Lancs.

Even flow of funds

From Mr. P. Tillett.

Sir,—The analogy drawn by Anthony Harris (alias Lombard) between the housing cycle and the pig cycle (March 8) is not entirely apposite—the difference between houses and pigs is that in the case of the former new output is very small in relation to the existing stock. Even if there were no new construction at all, house prices would still fluctuate in response to such factors as interest rates and confidence.

Time lags in construction undoubtedly exacerbate these fluctuations, but perhaps of more interest as a cause of excessive cyclicality is the behaviour of the building societies. When interest rates are high they yield to political pressures to keep their rates down; money drains out and lending has to be curtailed. When interest rates are low they keep their rates high relative to the market generally: money comes flooding in, and they lend freely. If only they would keep their rates in line with the market there would be a much more even flow of funds into housing. This would be far more effective than any Government-inspired "stabilisation fund."

Borrowers could be protected against sharper fluctuations in rates by varying the term of their mortgage (as at present) or by "rolling up" interest when rates were high—there is really no necessity to change the monthly payment every time the interest rate changes. They would soon realise that it was the average level of rates over a period that mattered to them, not the rate at any one time. Then the housing cycle would be no worse than it has to be.

Paul Tillett,
56, Spring Grove,
Loughton, Essex.

The closed shop

From the Chairman, The Bar Association for Commerce, Finance and Industry Law Reform Committee.

Sir,—Justinian, in his article "Wider view of closed shop" (March 13), is obviously using a copy of the Trade Union and Labour Relations Act 1974 which has not been updated. He refers to paragraph 6(5) of Schedule I of that Act which provides that an employee who is dismissed for refusing to join a union is fairly dismissed where there is a union membership agreement. He goes on to quote two exceptions: where the employee genuinely objects on grounds of religious belief to being a member of any trade union whatsoever; or on any reasonable ground to being a member of a particular trade union. The second exception was repealed by the Trade Union and Labour Relations (Amendment) Act 1976 with the result that the only exception now is grounds of religious belief.

H. Mitchell.
The Wellcome Foundation,
P.O. Box 129,
The Wellcome Building,
183, Euston Road, N.W.1.

Local authority accountancy

From the Director, Chartered Institute of Public Finance and Accountancy.

Sir,—Mr. Cripps (March 14) makes the strange suggestion that the Chartered Institute of Public Finance and Accountancy has a vested interest in maintaining peculiarities in local authority accounts. The CIPFA provides, under royal charter, a professional accountancy body for the public sector. The public sector covers a wide and diverse range of public bodies, from commercial enterprises to social services. Clearly the same accounting practices would not suit them all, but we would certainly not wish to encourage anyone to maintain peculiarities unnecessarily. The institute has, for example, recommended that local authority direct labour organisations should adopt commercial accounting practices, and for many years has consistently taken the lead in promoting uniformity in the accounts of local authorities.

Eric Wood.
1, Buckingham Place, S.W.1.

Index-linked pensions

From the Government Actuary.

Sir,—Much of the discussion in your columns about indexation of public service pensions has centred on the alleged inadequacy of the 1½ per cent. deduction from civil service pay which was assessed in the winter of 1973-74 for the purposes of the 1974 pay settlement.

Mr. M. D. Evans (March 13) has tried to illuminate the issue by testing this figure against other figures culled from my national insurance reports, but these latter figures are unfortunately not comparable. The point is a technical one but seems worth explaining in view of the public interest shown. Mr. Evans sets the 7 per cent. reduction allowed from national insurance contributions in respect of contracted out employees against a deduction of 12½ per cent. which we calculated on similar principles for the self-employed. The difference, however, between these two rates does not arise wholly from indexation; the self-employed rate also allows for a part of widows' and the whole of invalidity benefits which are not relevant to the contracted out rate. Moreover, to the extent that the difference is due to indexation, it covers the difference between one pension which receives cost-of-living increases (as do public service pensions) and another which is certain to receive no increase whatever after retirement. But the 1½ per cent. used in 1974 quite properly took account of the extent to which outside pension schemes were expected to pay post-retirement increases: this obviously cut the differential substantially. As is well known, some private sector schemes have maintained cost-of-living increases even throughout recent years, and others have given smaller but still substantial increases. Mr. Evans's "typical private pension plan" costing 18 per cent. will surely provide some measure of post-retirement increase.

To give some figures, the 7 per cent. quoted by Mr. Evans would need to be increased by about 4 per cent. to cover cost-of-living indexation, but it cannot be known at present by how much the 7 per cent. should be increased to allow for other schemes' post-retirement increases, and it is the figure after the increase, not 7 per cent. itself, which should form the base line for Mr. Hall's comparison.

A provisional reassessment of the pay deduction, quoting separate figures for the post-retirement increase element, was made in February, 1977, for the Expenditure Committee, which published it as Appendix 50 to its 11th report. No full reassessment can be made until the pay research arrangements, which were suspended to accord with the Government's pay policy, are restarted, as only then will we get up-to-date factual data about the other pension schemes. Mr. Evans can rest assured that once the unit starts its work and data are collected, a full report on the new assessment will be published.

E. A. Johnston,
Government Actuary's Department.
Steel House,
Tothill Street, S.W.1.

To-day's Events

GENERAL

Engineering unions and employers meet Mr. Albert Booth, Employment Secretary, to seek Government approval for the industry's new national pay agreement.

Civil Aviation Authority holds public hearing of application by Laker Airways for rights to run cheap-fare Skytrain service between London and Los Angeles. The Authority also hears application by British Caledonian Airways to be re-designated the second British airline (to British Airways) on this route.

European Parliament in session, Strasbourg.

Mr. John Greenborough, CBI president, speaks at its South West region annual dinner, Bristol.

Report of Royal Commission on Civil Liability and Compensation for Personal Injury.

Offshore Purchasing conference, organised by Offshore Centre, Connaught Rooms, W.C.2, 9.30 a.m.

"All London Teachers against Racism and Fascism" rally, Central Hall, Westminster.

Mr. Peter Simpson, director of commercial operations, ICL, addresses British Computer Society on "Whither the Main Frame Business?" Cafe Royal, W.1, 6 p.m.

National Materials Handling Centre conference on Storage and Handling of Small Parts, Cavendish Street Conference Centre, W.1, 10 a.m.

PARLIAMENTARY BUSINESS

House of Commons: Debate on White Paper on Government Expenditure Plans 1978-79 to 1981-82, and second report by the expenditure committee. Motion on EEC documents on Economic and Monetary Union and National Economic Policies.

House of Lords: State Immunity Bill, committee. Shipbuilding (Redundancy Payments) Bill, report stage. Import of Live Fish (Scotland) Bill, second reading. Debate on support for the United Nations University.

OFFICIAL STATISTICS

U.K. banks' assets and liabilities and the money stock; and London dollar and sterling certificates of deposit (mid-February). Cyclical indicators for U.K. economy.

COMPANY RESULTS

British Petroleum Company (full year). Smith and Nephew Associated Companies (full year). Sime Darby Holdings (half-year).

COMPANY MEETINGS

ACE Machinery, Westmore Street, S.E., 12. BAT Inds., St. John's, Smith Square, S.W., 12. Drayton Far Eastern Trust, 117, Old Broad Street, E.C., 12.15. New York and Gartmore Inv., 2, St. Mary Axe, E.C., 3. Rank Organisation, Royal Lancaster Hotel, W., 12.

OPERA

English National Opera. Final performance of Tosca, Coliseum Theatre, W.C.2, 5 p.m.

COMPANY NEWS + COMMENT

£1.63m. shortfall at Yorkshire Chemicals

AFFECTED by the worldwide recession in the textile industry and lower margins, taxable profit of Yorkshire Chemicals fell from £3.18m. to £1.55m. for 1977.

At midway, when the decline was from £1.78m. to £1.15m., the directors said there was little possibility second half profits would exceed those reported for the first.

They now say that in view of the group's large export sales—up from £11.78m. to £12.79m. in 1977—foreign exchange rates play a significant part in the computation of profits. Since some exchange rates, particularly of the dollar against the pound, were unfavourable to the company at the end of 1977 the adverse effect on profits was "considerable."

As regards prospects for the current year, recovery in the world textile industry has not yet begun and the directors expect a period of quiet trading in the first half. Meanwhile, steps are being taken to continue to operate at a profitable level while the recession lasts, and to be ready to take advantage of the recovery as soon as it begins.

Careful management of working capital has enabled the group to control its short-term borrowings with the result that adequate facilities are available. Capital expenditure in 1978 is expected to be at a lower level than in 1977.

The new Azo plant is now fully operational and is proving successful, the directors report. During 1977 Transprints (U.K.) traded at a loss.

Yearly earnings per 25p share are stated at 8.3p (15p) and with a net final dividend of 2.40734p the total payment is lifted from 4.26784p to 4.76684p, at a cost of £457,617 (£409,712).

	1977 £000	1976 £000
Group sales	22,435	21,711
U.K.	6,065	5,858
Overseas	16,370	16,853
Trading profit	3,591	3,902
Depreciation	1,298	1,224
Loan interest	1,046	596
Pre-tax profit	**1,547**	**3,183**
Tax	740	1,734
Net profit	637	1,361
Dividends	465	420

● comment

Over 70 per cent. of Yorkshire Chemical's sales go overseas. So exchange rate meovements have played havoc with the company's performance. Pre-tax profits, which were down over a third in the first half to £1.15m., dropped by nearly three-quarters in the second half. Currency movements exaggerate the underlying weakness of trading in the group's principal market, the textile industry. Profit margins collapsed in the second half, and the group's share of an associate company's loss. Transprints (U.K.), is running in excess of the £47,000 of the previous year. Working capital has been contained around the previous year's levels, short term debt has been reduced from 1.88m. to £1.19m., and the group is trimming capital expenditure from £2m. to £1.3m. this year. At 80p (down 6p) the shares yield 9.3 per cent., with over one and a-half times cover. They stand on a p/e of 9.3. On present prospects they are high enough.

HIGHLIGHTS

Arthur Bell's half-year figures, showing pre-tax profits of £7.8m. compared with £5.3m., just managed to clear the City's highest forecasts. Bell has managed to increase its market share by a couple of points to 21 per cent. at a time when there has been a reduction in withdrawals from bond for the industry as a whole. The Lex column discusses the cut in the Japanese bank rate and its implication for the Tokyo stock market. Also Lex looks at the second submission from the discount houses to the Wilson Committee. Elsewhere, Yorkshire Chemicals' profits have been hit with a dramatic drop in the second half, while Norvic's trading profits also disappoint. John I. Jacobs' trading profits are lower, after stripping out the ship sale, and James Walker is down after a drop in investment income, but Bonser produced a bright note with a good recovery in profits.

Bury & Masco tops £1.2m.

AS FORECAST at the time of the takeover offer by Scapa Group last month, taxable earnings of Bury and Masco (Holdings) rose by £0.36m. to £1.21m. for 1977. Sales by the group, which makes non-woven textile products, reached £13.47m., against £11.08m.

After tax of £391,000 (£79,000) earnings per 17.5p share are stated at 12.5p (11.7p). The net total dividend is raised to 4.7346p (4.239p) with a second interim of 3.4943p.

The 1976 figures have been adjusted in accordance with ED 19 relating to deferred tax and ED 21 regarding exchange movements.

The directors, as known, have recommended the Scapa offer for all the Ordinary. It is expected the formal offer document will be issued on March 22.

	1977 £000	1976 £000
Sales	13,467	11,078
Interest received	1	17
Interest paid	125	115
Pre-tax profit	**1,206**	**842**
Tax	391	79
Net profit	815	763
Exchange loss	28	—
Extraord. credit	2	*6
Attributable	789	737
Retained	490	481

* Debit.

Bonser surges to £490,000

FOLLOWING an advance from £80,400 to £210,700 at midway, pre-tax earnings of Bonser Engineering finished the year to November 30, 1977 ahead £267,000 at a record £490,000. This represents a recovery to the profit levels of 1973/74 when a figure of £466,000 was recorded.

Yearly earnings per 20p share are given at 3.48p (1.81p) and the net total divided is stepped up from 1.2914p to 1.4423p with a final payment of 1.0223p.

	1976-77 £000	1975-76 £000
Turnover	10,356	7,969
Exceptional credit	75	*7
Product development	200	135
Earnings before tax	**490**	**223**
Tax	281	114
Net earnings	209	109

* Debit.

● comment

After two years of reduced profits Bonser staged a solid recovery in 1977 with pre-tax profits more than doubled—but still only £24,000 more than the £466,000 earned in 1974. Margins improved almost two points last year as the benefits from the group's rationalisation programme began to work through. A 30 per cent. turnover improvement included a volume gain of around 8 per cent. as demand for the group's fork-lift trucks, compressors and dumper trucks picked up. Fastest growth occurred in Bonser's new range of rough terrain vehicles. The group has spent £½m. developing new products over the past four years and in the last two years around an eighth of annual turnover has been generated from these new products—there should be further benefits in the current year. So far in 1978 the group has experienced a downturn in demand for agricultural products but this has been offset by a slight improvement in demand for construction equipment. The shares rose 2p yesterday to 24p where they yield 9.5 per cent. and the p/e is 6.6.

First half rise for Eleco

IN THE half year ended December 31, 1977, Eleco Holdings increased its profits by £59,000 to £487,000, on turnover up from £4.62m. to £6.07m.

After tax of £195,000 (£223,000), the net profit came out at £292,000 (£205,000). The interim dividend is lifted from 0.65p to 0.75p net—the final for the year ended June 30, 1977, was 1.091p and profit was £936,000.

There is a realised profit on the sale of properties last October of £1.59m., after tax. Of this, £0.64m. has been included in capital reserve following the June, 1976, revaluation of those properties.

The company is engaged in engineering and construction.

Ship sale boosts John Jacobs

TURNOVER at John I. Jacobs and Co., shipowner and shipbroker, slumped by £0.96m. to £1.19m. for 1977, and trading profit was down from £500,420 to £136,437, and investment income from £833,890 down to £679,574.

However, including a £1.81m. profit on the sale of a vessel this time, earnings at the pre-tax level were ahead at £2.85m., against £1.44m.

At halfway (profit was £2.45m., against £746,000, including the proceeds of the sale) the directors said that due to a world surplus of shipping capacity freight levels for both tankers and dry cargo vessels remained depressed and with a large amount of tonnage still in lay-up, it was difficult to see when this situation was likely to change.

After tax of £1.04m. (£551,523) earnings are stated at 7.85p (3.85p). The net total dividend is stepped up to a maximum permitted 1.84906p (1.6555p) with a final of 1.29906p.

● comment

The problems facing world shipping show up clearly in John I. Jacobs' full year results—trading profits reveal a 72 per cent. shortfall, mainly because charter rates are so low. And with the sale of its last vessel, "Hollywood," for £1.8m., there are now no more ship sales to boost the pre-tax figures. In addition, lower interest rates are reducing investment income, so trading is now entirely dependent on ship broking activities where commission is dependent on the level of rates and volume of business, and the lack of any sign of recovery in world trade must suggest tough times ahead for the company. Meanwhile, with cash resources still at a high level there may be some decision soon whether to make a capital distribution to shareholders. Excluding the ship sale the shares at 40½p sell on a fully taxed p/e of 16.6 while the yield, at 7.1 per cent., is covered almost 1¼ times.

Finlay Packaging at £0.49m.

WITH A slowdown in second half taxable earnings from £254,073 down to £239,516, Finlay Packaging finished 1977 at £485,816, against £463,573. Sales were £0.9m. better at £4.92m. A one-for-one scrip issue is proposed.

In September the directors said margins were down 1.5 per cent. because of increasing costs in services.

Stated earnings per 5p share were 2.71p (2.69p adjusted for scrip) and the net total dividend is raised to 0.5936p (equivalent 0.53625p) with a final of 0.3436p.

	1977 £	1976 £
Sales	4,917,029	4,021,636
Trading surplus	492,550	468,129
Interest*	6,714	*5,444
Pre-tax profit	485,816	463,573
Tax	233,584	231,742
Net profit	251,912	229,831
Redmptn. fr. surplus†	725	3,000
Available	252,633	230,831
Ord. dividends	50,931	46,910
Retained	191,724	184,921

* Interest received. † On debenture stock redemption.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Arthur Bell ......int.	‡2.25	June 1	—	—	2.21
Bonser Eng.	1.02	April 28	0.9	1.44	1.29
Britannic Assurance	6.18	May 4	5.28	9.18	8.22
Bury and Masco ...2nd int.	3.49	May 8	2.99	4.73	4.24
Camellia Invs.	2	April 28	1.82	2	1.82
T. Clarke	0.61	May 5	0.55	1.12	1.01
Eleco Holdings ......int.	0.75	May 10	0.65	—	1.74
Finlay Packaging	0.34	May 23	0.31*	0.59	0.54*
R. Green Props. ......int.	0.55	—	0.5	—	1.34
John I. Jacobs	1.29	May 17	1.2	1.85	1.66
Norvic Securities	1.4	May 19	1.4	2.2	1.9
Thomas Robinson	2.64	May 11	2.40§	3.38	3.03
Samuelson Film ......int.	3	April 19	3	—	7.4
Trafford Park ......int.	1.7	May 15	1.54	—	3.63
J. Walker Goldsmith int	1	April 28	1	—	2.1
H. Woodward	1.37	April 25	1.3	1.87	1.7
Yorkshire Chems.	2.41	May 12	2.16	4.77	4.27

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For six months. § Including 0.0364p special payment.

Six-month drop at James Walker

TAXABLE profit for James Walker Goldsmith and Silversmith slipped from £931,000 to £883,000 for the half year to October 31, 1977, on sales, excluding VAT of £6.86m., against £6.18m.

Turnover during the Christmas trading which is the company's principal period of activity shows a substantial increase over the previous year and some of this improvement is probably due to the larger selection of stock available for customers, the directors say. Trading continues to be satisfactory. Last year full time profit was £2.64m.

The company has acquired a substantial busines for cash since half time and the Board is also taking every other opportunity to increase the number of outlets, they state.

The net interim dividend is held at 1p per 25p share, but the directors anticipate paying a maximum permitted 2.32167p, compared with 2.099p for 1976-77.

The group carries on the business of multiple retail jeweller.

	Half-year 1977 £000	1976 £000
Sales (ex VAT)	6,537	6,178
Interest and divs. recvd.	28	113
Invest. sale profit	42	35
Depreciation	90	86
Pre-tax profit	883	931
Tax	459	481
Net profit	424	448

● comment

James Walker's first half profits show a shortfall of 5 per cent. after a sharp drop in investment income. The directors have evidently decided that a better return can be made by diverting liquid funds into additional stock for the more important second six months, when about two-thirds of profit is earned. With interest rates at their current low level, this appears to have been a prudent move, especially since the Christmas trade was buoyant. At 77p, the non-voting shares yield a prospective 4.6 per cent., in line with H. Samuel.

Tate & Lyle warning of lower profit

Tate and Lyle is forecasting a drop in pre-tax profits in the current year. Shareholders were told by Mr. John Lyle, the chairman, at the AGM that the volume of world trade was still showing "little sign of improvement" and that the U.K. sugar refining business would be adversely affected by the costs of the rationalisation and by the surplus of sugar beet in the EEC.

He added that "1978 is proving to be a difficult and challenging year for the company."

Asked by a shareholder whether Tate and Lyle regretted the purchase of Manbre and Garton, Sir Ian Lyle, the retiring president, said: "We did it all with our eyes wide open—it was entirely necessary to protect our own business." On a subsequent question as to whether Manbre had "washed its face," the Board said that the company "probably just failed to cover the additional interest charges arising out of the acquisition."

Mr. John Lyle, who retires as chairman to become president, said that Tate and Lyle's trading company had done well in the first three months and that the overseas operations, through Tate and Lyle Engineering and Redpath Consultants "are showing further growth ater the excellent performance of last year." Looking further forward, the outlook for Tate and Lyle remained encouraging, he said.

Henlys very optimistic

HIGHLY SATISFACTORY interim figures are expected by Henlys, the chairman Mr. Gordon Chandler, told the annual meeting.

He said the company was well prepared to make further progress as indicated by the strong follow-through from last year into this. Management figures for the first five months of the current year confirm the progress report in the 1977 accounts statement.

With higher new car registrations in the U.K. predicted, he felt justified in expressing much optimism for the final results for the year.

Samuelson Film down at halfway

AFTER DEPRECIATION of £221,000, against £210,000, pre-tax profit of Samuelson Film Service dropped from £463,000 to £253,000 for the six months to September 30, 1977.

Last December, in his annual statement, the chairman warned that the restructuring of contractual arrangements between Panavision and the group, might reduce its share of revenue from this source. Consequently, current year profit was likely to fall short of the £633,000 surplus for all 1976-77.

The first half result does not reflect an additional £51,000 profit of an exceptional nature, accruing in relation to the company's overseas interests following cessation of operations within the Netherlands.

Interim dividend is maintained as 3p net per 20p share, which has been waived by the directors and their wives in respect of 215,956 shares—last year's final was 4.4p

The company has close status.

The directors say that they are not yet in a position to make any further announcement concerning the discussions, which have been taking place for some considerable time, in connection with a possible offer on behalf of the Samuelson family interest for the share capital of the company.

Belhaven plans to cut debt load

BY ANDREW TAYLOR

FURTHER MEASURES are announced by the Belhaven Brewery Group to reduce borrowings which at £3.7m. in the last accounts were only £200,000 less than the net worth of the group.

BBG is proposing to make another share placing—its third this year—which will further reduce the group's debts to around £1.5m., while shareholders' funds as a result of the placings are expected to have increased to around £5m.

On March 30, the group proposes to issue some 800,000 Ordinary shares to the Bank of Bermuda, at 10 per cent. below the market price of the shares on the latest practical date to the transaction. Last night the shares remained unchanged at 43p.

The shares will be placed on the behalf of the bank with institutional investors and in return the bank will cancel outstanding loans to BBG, totalling some £300,000.

Earlier this year BBG placed 1m. Ordinary shares—in two tranches—with institutional investors through the Commonwealth Development Finance Company. The shares were then priced at 37p.

The latest placing is the final stage in the group's programme to reduce its heavy debt burden which cost BBG £473,000 in interest charges in the year ended April 3, 1977. In the current year interest charges are expected to be reduced to around £230,000.

Mr. Gordon Currie, chairman, said yesterday that interest charges in future years will be running at less than £100,000.

In addition to the share placings the group was also forced last year to sell its travel investments in Gold Case Travel and George Ewer, to reduce bank overdrafts of £1.4m. Short-term loans of £¾m. have now been wiped out as a result of the share placings.

Last year the group made a pre-tax loss (after interest charges) of £258,000. In the current year the group is forecasting a small profit on the back of the substantially reduced interest charge.

Mr. Currie said that he was expecting a substantial improvement in profits in 1978/79 while the group was hoping to pay an interim dividend this autumn—the first dividend since 1974.

He said that the effect of the issue was that all future income would be available for the development of the brewery division, which is fast expanding and should produce 80 per cent. of trading profit in the current year. The group also has hotel interests in Bermuda.

As a result of the issue J. Lyons' stake in the group will be further reduced to 17 per cent. compared with the 25 per cent. it held a year ago. Scottish Amicable Insurance's stake is reduced from 5.4 per cent. to 4.9 per cent. while Mr. Currie's stake is now 6.2 per cent (7 per cent.).

Allied Breweries retains an option to take a 7.7 per cent. stake in the group if it wishes to convert a £¼m. loan into equity.

Norvic Securities slips by £37,000

A decline in pre-tax profit from £257,473 to £220,265 is shown by Norvic Securities, investment holding and management company, for 1977. External sales, excluding sales of investments, rose by £4.71m. to £14.41m. with the export content more than doubled from £1.29m. to £3.68m.

Profit includes a surplus on disposals and provisions in respect of investments held for dealing of £61,578, compared with a deficit of £260,448 last time.

The net total dividend is raised to 2.2p (1.9p) with a maintained final of 1.4p.

No provision was made for deferred tax this time. Total tax was lower at £648 (£103,602) leaving the net balance at £219,617 (£153,871).

● comment

On a £4.7m. increase in turnover, a near 50 per cent. jump, Norvic was hoping for trading profits to come out at nearer £750,000 rather than the stated £207,000. But the large £3m. boot order from Russia proved difficult to absorb within Norvic's existing production facilities. And at the same time the order locked up valuable capacity when the group could have been operating more efficiently in the domestic shoe market. As a result stocks and debtors rose by over two-fifths during the year to near £7m. This increased borrowing by around £1m., while trading profits fell from £426,000 to £96,000 in the second half. Norvic has now completed the disposal of its investment portfolio, which chipped in £61,578 profit. However, the group's decision to restore the dividend cut made in the previous financial year, forecast at the half way stage, looks premature. On fully taxed earnings the dividend would be uncovered. And although the group has paid only a nominal tax charge thanks to stock appreciation relief, stocks are now down following the completion of the Russian order and a more normal tax charge is anticipated in the current year. At 25p the shares yield 14.1 per cent., and stand on a p/e of 17.4 fully taxed.

Thomas Robinson

INCLUDING HIGHER interest received, up from £105,647 to £163,657 gross, taxable profit of Thomas Robinson and Son rose from £958,141 to £998,475 in 1977. Turnover for the period remained static at £8.62m.

At the halfway stage the profit advance was one of £65,552 to £363,994.

Tax for the 12 months took £545,074 (£507,480), for stated earnings of 11.3p (same) per 25p share. The net final dividend is 2.64465p for a 3.38185p (3.0278p) total.

Woodward advances to £0.58m.

AFTER REPORTING midway profit of £223,141, against £148,953, H. Woodward and Son further advanced in the second half to finish the year to September 30, 1977 ahead from £269,070 to a record £575,475, on turnover of £9.6m. compared with £7.26m.

	1976-77 £	1975-76 £
Turnover	9,598,310	7,260,525
Sale of fixed assets	4,071	18,407
Subsidiary profit	93,633	*67,775
Pre-tax profit	575,475	269,070
Tax	91,927	105,002
Net profit	483,548	164,068
Minority profit	8,035	*5,543
Extraordinary debit†	36,491	‡9,216
Available	439,002	179,127
Preference dividends	706	706
Ordinary dividends	44,580	40,500

* Loss. † Comprises goodwill written off £39,000 (nil), less balance of disturbance claim, net of tax, £2,509 (£9,216). ‡ Credit.

Profit included a contribution from subsidiaries of £93,633 (£67,775 loss) and a surplus of £4,071 (£18,407) on the sale of fixed assets. Goodwill was written off amounting to £39,000 (nil).

Tax took £91,927 compared with £105,002 adjusted in accordance with ED19. Stated earnings increased from 7.05p to 19.78p per 12½p share and a final dividend of 1.37p lifts the net total to 1.87p (1.7p), absorbing £44,880 (£40,800).

The company's activities cover commercial vehicle distribution and bodybuilding, car dealing, industrial plant distribution, civil engineering contracting and metal fabrication.

RESULTS AND ACCOUNTS IN BRIEF

ANGLO-AMERICAN SECURITIES CORPORATION—Results for year to January 15, 1978, reported February 9. Investments at book value £43.33m. (£40.67m.), market value £74.69m. (£70.31m.). Short-term deposits £3.62m. (£1.64m.). Anticipated that current year dividend will be at least maintained at 4p net. Meeting, Bucklersbury House, E.C., April 3 at 2.45 p.m.

ANGLO-INTERNATIONAL INVESTMENT TRUST—Results for 1977 already known. Investments £3.41m. (£3.69m.). Net current liabilities £139,737 (£13,163). Liquidity decreased by £74,699 (£7,945 increase). Meeting, 20, Cannon Street, E.C., April 11, at noon.

BOUGAINVILLE COPPER (Mining)—Results for 1977 already known. Group fixed assets K352.2m. (K350.4m.), current assets K137.11m., current liabilities K111.85m. Amounts in Papua New Guinea currency. Rio Tinto-Zinc Corporation is ultimate holding company. Meeting, Panguna, Papua New Guinea, April 12.

BESTWOOD (investment holding company)—Surplus for 1977 £32,354 (£22,321) after tax £27,927 (£15,518). Dividend 0.905p (0.5225p) net. Earnings per 15p share 2.08p (1.44p).

BURMA MINES—Balance sheet at December 31, 1977, shows investments at market value £1,437,067 (£1,055,849)—appreciation over book cost £354,893 (£236,981). Claim against the Government of Burma is shown at £2,219,797 (£2,257,297), reduced by four annual instalments of £37,500 in cash. No income has been received since nationalisation in 1963 nor is interest being received on the balance of compensation awarded. The Commission appointed by the Burma Government awarded to the company compensation of £750,000 payable in 20 instalments in the form of non-interest bearing Security Bonds. Representations [illegible] the inadequacy of the award [illegible]. At February 20, 1978, [illegible] had increased its holding to 22.15 per cent. [illegible] auditors say that they are unable to form an opinion [illegible] the claim against the Government of Burma. Meeting, Winchester House, EC, March 22 at noon.

CAMELLIA INVESTMENTS—Turnover £1,074,250 (£446,434) for 1977. Profit £531,821 (£150,891) after tax £112,437 (£67,283) and exceptional credits £106,067 (£169,196). Earnings per 10p share 9.59p (7.19p) and dividend 2p (1.82p).

CARRIGALINE POTTERY — Turnover for 26 weeks to January 14, 1978 £871,125 (£167,358). Loss £5,656 (£15,250) after tax credit [illegible]. Loss per 25p share [illegible].

DEBENTURE CORPORATION—Results for 1977 already known [illegible]. Current assets [illegible], current liabilities [illegible]. Liquidity [illegible]. Chairman says it [illegible] income in current year will be augmented but it will be difficult to go on to the marked extent achieved in 1977. Meeting, Winchester House, EC, March 29, noon.

FAMILY INVESTMENT TRUST—Total gross revenue £290,584 (£282,061) for year to January 31, 1978. Total expenses [illegible]. Net earnings per 25p share 3.09p (3.19p). [illegible] Final div [illegible]

dend 2.35p net, making total equivalent to 3.3 per cent gross (18.2 per cent.).

FOLKESTONE AND DISTRICT WATER COMPANY—Results for 1977 already known. Fixed assets £4.05m. (£4.09m.), net current assets £0.56m. (£0.42m.). Working capital increased by £1.09m. (£0.53m.). Auditors say that company, adopting standard accounting practice, is now depreciating all assets, with exception of freehold land, over their expected useful lives. In the past, depreciation would have amounted to £1.08m. and company has provided £0.38m. resulting in shortfall of £0.68m.

GEDONG INVESTMENTS — Pre-tax profit £71,577 (£43,715) for year to October 31 1977, tax £47,000 (£27,900). Earnings per 10p share 4.94p (2.60p). Final dividend 1.381p, making total 1.711p (1.552p).

GENERAL FUNDS INVESTMENT TRUST—Results for the year ended January 15, 1978, reported February 11. Investments £17.45m. (£13.71m.)—unrealised appreciation £5.28m. (£4.39m.). Meeting, Regis House, King William Street, EC, April 6 at 12.30 p.m.

GREENFRIAR INVESTMENT COMPANY—Results for 1977 already known. Investments at market value, or directors valuation, £4.99m. (£3.99m.). Chairman says it would be unwise to assume growth trend in income will continue at the same rate. Meeting, 11, Austin Friars, EC, April 5, 2.45 p.m.

H. T. INVESTMENTS—Results for 1977 already known. Quoted U.K. investments £2.62m. (£2.94m.), quoted foreign £25,594 (same). Unquoted U.K. investments £72,095 (£72,342), unquoted foreign £121,969 (£121,961). Net current liabilities £97,235 (£87,229). Liquidity was decreased by £4,879 (£228,079) at year-end. Rents income for 1978 is likely to be less than for 1977, but is anticipated that increased investment income should fully compensate for this reduction. Accordingly, should be possible to make further modest distribution increase for 1978. Meeting, 88, Leadenhall Street, E.C., March 31, at 12.30 p.m.

LAW DEBENTURE CORPORATION—Results for 1977 reported February 23. Group investments at market or director's value £15.31m. (£12.81m.), unrealised surplus £7.8m. (£5.82m.). M and G Investment Management holds 12.36 per cent. interest. Chairman says it cannot be expected that growth of trustee business will continue at rate achieved over past three years. Meeting, Estates House, E.C., April 6, 11.30 a.m.

G. F. LOVELL (confectionery manufacturer)—No dividend (same). Turnover £3,177,000 (£2,443,000) for year to October 23, 1977. Profit £96,000 (£100,000) after all charges including tax of £55,000 (£9,000). Earnings per 25p share 10.125p (10.572p).

PRESTWICH, PARKER (manufacturer of nuts and bolts)—Pre-tax profit £135,962 (£151,773) for half year to December 31, 1977. Tax £70,708 (£79,377). Interim dividend 0.9125p net (same), last year's final 2.1475p.

REA BROTHERS (merchant bank)—Results for 1977 already known. Group fixed assets £298,000 (£266,000). Current assets £74.86m. (£57.2m.), liabilities £73.26m. (£54.82m.). Increase in deposits and other accounts £18.38m. (£2.25m.). Increase in loans and advances £19.81m. (£12.09m.). Meeting, Winchester House, E.C., on April 19 at noon.

ST. ANDREW'S TRUST—Results for 1977 already known. Investments at market value listed in U.K. £12.63m. (£8.7m.) and overseas £5.88m. (£7.18m.), and unquoted £0.5m. (£0.22m.). Scottish Widows' Fund and Life Assurance Society, together with its subsidiary, holds 5.08 per cent of equity. Meeting, Edinburgh, April 6, at 11.30 a.m.

THERMAL SYNDICATE (manufacturers and fabricators of fused quartz, fused silica and high temperature refractories)—Results for the year to October 31, 1977, reported February 15 with chairman's observations on prospects. Group fixed assets £3.22m. (£2.43m.). Net current assets £3.6m. (£3.37m.). Meeting, Newcastle upon Tyne, on March 30, at 2.15 p.m.

TRAFFORD PARK ESTATES—Turnover £1,416,349 (£1,275,259) for half year to December 31 1977. Profit £300,115 (£290,097) after all charges including tax of £167,000 (£138,000). Amount attributable to members after deducting minorities £257,300 (£208,552). Interest 1.69741p net (1.5431p).

UNIDARE (engineering group)—Results for the year 1977 already known. Group fixed assets £8.79m. (£7.92m.). Net current assets £5.69m. (£4.43m.)—cash £0.5m. (£0.36m.) and overdraft £1.21m. (£0.87m.). Current cost profit before tax is reduced by £133,000. Chairman says that farming sector must improve substantially if it is to be brought into reasonable profit. A reorganisation has been undertaken. Group expects to prosper further in 1978. Turnover should rise and margins improve slightly. Meeting, Dublin, April 4, at noon.

Arthur Bell expects £11½m. —seeks more U.S. growth

FORECASTING PROFITS of over £11.5m. for the current year Arthur Bell and Sons, the Scotch whisky distilling group, also announces plans to spend over $1m. on advertising and promotion in the U.S. this year.

In the half-year ended December 31, 1977 group pre-tax profits increased from £5.25m. to £7.77m., on sales up from £76.51m. to £86.23m. At the net level after a heavy tax charge profits showed a rise from £4.6m. to £5.6m. and earnings per 50p share are stated to be up from 16.16p to 16.93p.

In the scotch whisky division profits increased from £4.84m. to £6.97m. Home sales turnover at £70.68m. was up by £6.87m. while for exports the increase was £1.83m. to £7.05m.

Mr. R. C. Miquel, chairman, reports that the sales volume of Bell's whisky was equal to the level in the same period of 1976 while The Real Mackenzie achieved a 2 per cent. rise. The market share for both these brands continued to increase and in total stood at over 21 per cent. of all Scotch whiskies sold in the U.K., prior to the removal of Johnny Walker from the market by Distillers.

Sales of Bell's three malts rose by over 60 per cent. in 1977 and they now have more than a 5 per cent. share of the U.K. market for bottled malt. Sales of The Dufftown-Glenlivet were well over double.

Overseas sales volume rose by 4 per cent., with particularly encouraging rates of growth being shown in South Africa, Japan, Canada and in most European countries. Referring to plans to gain an increased share of the U.S. market for Bell's the chairman says that progress is being made but that competition from low priced brands is very keen.

The group's four Highland malt distilleries increased their output by 17 per cent. in the period and the distilleries continue to work to full capacity.

Mr. Miquel reports that whisky sales volumes to date for both home and overseas are ahead of the same period of 1977 and he considers that profit from Scotch whisky sales in the second half should be not less than the £8.14m. achieved in the six months ended June 30, 1977.

The chairman points out that home and export price increases for Scotch in the first half of 1977 restored margins to a more acceptable level. However, subsequent cost increases necessitated a further export price rise of 90p per case from February, 1978 and an application for a home trade increase is currently with the Price Commission.

Mr. Miquel confirmed yesterday that the proposed price increase would be 90p per case (7½p per bottle) if the Commission offered no objections.

Capital expenditure in the Scotch whisky division in the half-year amounted to £700,000 of which £450,000 was spent on increased warehousing capacity. In 1978 work will start on two additional storage and maturing warehouses costing £1.8m.

For the glass container division (Canning Town Glass) profits expanded from £502,000 to £832,000. The company continued to increase its share of the glass container market and it now stood at 6 per cent. CTG was hoping to make a price increase of roughly 5 per cent. on its glass containers at the beginning of next month.

In 1978 Canning plans to spend £2.7m. on furnace rebuilds and quality control equipment. The major furnace rebuild at Swinton will have a 40 per cent. higher capacity when completed in June. Profits of Canning in the second half of 1977-78 are expected to be around the £667,000 reported for the six months ended June 30, 1977.

On the transport side Towmaster Transport incurred a loss of £30,000 (£96,000) and the chairman expects there to be a further reduction in the loss in the second half.

An interim dividend of 2.25p is declared—in the previous six-month period following the change of year-end a single payment equal to 2.21p was paid.

	Half-year 1977 £000	1976 £000
External turnover	86.229	76.507
Scotch whisky	75.403	69.414
Glass container	7.748	7.097
Transport	78	6
Trading profit	[illegible]	7.515
Depreciation	491	[illegible]
Investment income	4	5
Loan interest	[illegible]	1 744
Profit before tax	7.773	5.268
Scotch whisky	6.971	4.842
Glass container	[illegible]	[illegible]
Transport loss	30	96
Taxation*	[illegible]	646
Net profit	[illegible]	[illegible]

* The increased tax charge is mainly due to the receipt by the Scotch whisky division of a lower stock relief allowance as a consequence of higher profit.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—BTT. Miln Marsters. Sime Darby Holdings. Wolseley-Hughes.

Finals — Anglo - American Industrial, British Petroleum, Richard Clay, William Collins, Gibbons Dudley, Harmony Gold Mining, Johnson Group Cleaners, Sharpe and Fisher, John C. Small and Tidmas, Smith and Nephew, G. Spencer, James Wilkes.

FUTURE DATES

Interims—	
B.P.M.	Mar. 29
Mardin (R. P.)	Mar. 30
Newman-Tonks	Mar. 28
United City Merchants	Mar. 23
Finals—	
Biddle	Mar. 30
Blackwood Hodge	April 17
Bowring (C. T.)	Mar. 22
Bruntons (Musselburgh)	Mar. 30
Chersonese (F.M.S.) Estates	Mar. 22
Coates Brothers	Mar. 23
Expanded Metal	Mar. 20
Jamesons Chocolates	Mar. 23
Jourdan (Thomas)	April 4
Lilley (F. J. C.)	Mar. 30
Rockware	Mar. 22
Rugby Portland Cement	†April 17
Slough Estates	Mar. 29
Sun Alliance and London Ins.	April 5

† Amended.

Manchester Garages' £0.46m.

Profits of Manchester Garages, a main Ford dealer, reached £65,164 in December 1977 taking the total for that year up to a record £464,109, compared with £266,286.

At the time of the rights issue in January, when profits for the first 11 months were given, the directors said that they hoped that the full results would reflect a continuation of the profits growth shown. They were not prepared to make a forecast for the current year but said that they were aiming for a further increase in trading without taking account of any return of the £650,000 rights issues proceeds.

The directors now report that the first two months of 1978 have been most encouraging and show a profit position above the comparable period of 1977.

Industrial action at the manufacturers and delays in delivery make it difficult to forecast the future, but with a strong position built up in parts and service the directors feel that the group is reasonably protected against upsets in the motor trade.

The strong balance sheet and progressive profit record puts the group in a good position to acquire further dealerships, and the Board is actively pursuing this policy with the support of the Ford Motor Company and also its bankers and stockbrokers.

A week ago the group announced that it was making an offer for fellow main Ford dealer, W. J. Reynolds. Reynolds responded by advising holders to wait until it had fully considered the terms with its advisers.

Second interim dividend has already been declared for a total of 0.99p against 0.85p net. Subject to a satisfactory level of profits it is intended to pay a total of 1.5p on the increased capital for the current year.

Group turnover for the year showed a jump from £9.71m. to £11.57m. and the profit before interest came through at £553,878 (£349,207).

No deferred tax provision has been made as the directors feel there will be no liability arising in the foreseeable future.

Britannic Assurance

For 1977 Britannic Assurance Company announces a £1.56m. transfer to profit and loss account from long term business, compared with £1.36m. for the previous 12 months. General business amounted to £50,000 against £100,000.

The final dividend is 6.1777p net per 5p share for a 9.1777p (8.217p) total. The combined carry-forward figure was £1.17m. (£1.08m.).

Midterm leap by R. Green Properties

Reporting a leap in pre-tax profit from £121,000 to £392,000 for the six months to December 31, 1977, the directors of R. Green Properties warn that although indications for the second half are good, it does not follow that the surplus will equal that of the first period. For all the previous year, a taxable figure of £411,514 was recorded.

First half net rental income improved from £238,000 to £251,000 and profit included a surplus of £239,000 (£38,000 deficit) on the sale of properties. The figures include capital profits of £25,000 (£13,116).

Tax of £176,500 (£64,000) was at a lower rate due to part of the profit being taxed as capital gains and utilisation of prior year losses.

Earnings are shown as 1.77p (0.52p) per 10p share and the interim dividend is stepped up from 0.5p to 0.55p net—last year's final was 0.83886p.

	Six months 1977 £	1976 £
Turnover	2,531,000	1,392,000
Net rental income*	251,000	238,000
On sale of properties†	‡239,000	§23,000
Administration, etc.	98,000	79,000
Pre-tax profit	392,000	121,000
Tax	176,500	64,000
Net profit	215,500	57,000

* After debenture interest. † After interest on short and medium-term liabilities. ‡ Profit. § Loss.

MINING NEWS

Prospecting by Satellite

BY PAUL CHEESERIGHT

MAJOR U.K. natural resource groups like Consolidated Gold Fields, Rio Tinto-Zinc, Selection Trust and British Petroleum will, over the next few days, be approached by a U.S. organisation seeking to represent the mineral industry in achieving a wider use of space satellites as an exploration tool.

The organisation is the Geosat Committee, based in San Francisco. It was established in 1976 and is financed by 100 mining and oil groups, mainly from the U.S.

Dr. Frederick Henderson, Geosat's president, arrived in London yesterday and expects to hold discussions with British companies whose exploration effort is extensive enough to make more satellite information on the earth's resources a useful facility.

This is the first systematic attempt made by Geosat to broaden the geographical base of its membership and reflects the desire to fashion an international approach to the problems of satellite use.

Geosat owes its existence to industry concern over what Dr. Henderson calls "a decade of declining discoveries" and the assessment that the discovery rate of new resources must be speeded up to meet strategic and consumer needs.

Although Geosat has opened channels to the European Space Agency and the French authorities, who plan to launch a satellite in 1983 embracing some of the features Geosat is keen to see in U.S. satellites, the main thrust of policy has been directed towards the U.S. National Aeronautics and Space Administration (NASA).

Geosat wants NASA to incorporate in its satellites sensing systems of direct use to the mineral groups. It has succeeded in having an additional wavelength added to the thematic mapper for LANDSAT-D in the 1979 budget period. This will yield information about alteration zones and be an aid in differentiating genetic rock types.

It wants now the incorporation of a sensing system called STEROSAT, which will provide digital images, a large format camera and radar.

All these are essentially mapping devices, of optimal use in areas so far poorly surveyed, which may be used in conjunction with existing geophysical and geochemical exploration techniques.

Amax upgrades moly deposit

AS A result of drilling undertaken since last September, Amax of the U.S. has revised upwards the estimated size of its molybdenum deposit at Mount Emmons in Colorado. An announcement yesterday said the molybdenite mineralisation was 165m. tons averaging 0.4 per cent. molybdenum with a cut-off grade of 0.2 per cent.

Previous estimates of the deposit's size were 90m. tons, in August, and 130m. tons, last September. In that month, Mr. John Goth, president of Amax Molybdenum, said that in principle the deposit would be brought to production as soon as possible.

The latest news from the company is that feasibility studies are taking place but that it will be more than a year before conclusions can be drawn and recommendations made about possible development. Amax shares were £25¾ in London yesterday.

A RECORD YEAR FOR HOLLINGER

A 43 per cent. advance in 1977 profits is reported by Canada's Hollinger Mines. Consolidated net income has risen to a record $C19.67m. (£9.17m.) from $C13.72m. in 1976. Increased revenue was obtained from iron ore royalties, dividends and interest while exchange gains also increased as did the value of Hollinger's equity in Iron Ore Company of Canada.

The last-named is the company which operates the iron ore mines and plants. Mr. Albert Fairley, the President of Hollinger, said that: "Canada must depend on increasing operating efficiency to compete with iron ore producers from many countries with higher grade ore located closer to tidewater than Canada."

Looking to current year's prospects, Mr. Fairley added that results "probably will not equal those of 1977, but 1978 should nevertheless be a satisfactory year for Hollinger."

Anglo-Vaal marking times

SOUTH AFRICA'S Anglo-Transvaal Consolidated reports a profit for the half-year to December 31 of R6.65m. (£4.05m.) compared with R6.59m. a year ago. The latest earnings are equal to 157 cents (95.5p) per share and, as already announced, the interim dividend has been maintained at 25 cents. The 1976 total was 105 cents.

	Half-year to Dec. 31. 1977 R000	1976 R000
Turnover	223,021	231,041
Profit before tax	19.892	20,129
Taxation	6.471	6.993
Profit after tax	13,421	13,136
Outside shareholders	6,627	6,392
Leaving	6.794	6,744
Preference divs.	149	156
Attributable to Ord., "A" Ord.	6,649	6,588
Earnings per Ord. and "A" Ord.	157 cents	155 cents
Capital commitments	2,966	4,631

Anglo-Vaal points out that while the latest results are little changed compared with those of a year ago, the group's industrial companies are still experiencing difficult trading conditions. Although increased gold mining dividends are expected, the group's total earnings for the full year to June 30 are thus expected to be about the same as those for 1976-77. Anglo-Vaal were 660p yesterday.

Bougainville's Chinese deals

HARD on the heels of the Bougainville Copper annual report comes news that the Rio Tinto-Zinc group's Papua New Guinea mine has secured the hoped-for contract to supply copper concentrates to China. The deal is reported to be worth some $30m. (£15.7m.).

A spokesman for Bougainville said in Melbourne yesterday that 20,000 to 22,000 tonnes of copper concentrates would be shipped annually to China over three years under the contract which has been negotiated in Peking. Shipments are expected to start later this year.

As already reported, Bougainville's Japanese customers have returned to taking their full level of contractual deliveries of concentrates and have also indicated a desire to take some tonnages that were deferred from previous years. Thus at a time of close-downs in a generally depressed copper mining industry the mine is finding a ready market for its production.

Furthermore, Bougainville remains a low-cost producer of copper. It is also a major producer of gold which comes as a by-product and which provided some 40 per cent. of the mine's net sales revenue last year when the bullion price averaged $148 per ounce. Bougainville shares were 92p yesterday.

Brief news from other companies

Greenex Mining, a unit of Cominco, which runs the Arctic Circle zinc and lead mine at Black Angel Mountain in Greenland, warns that the operation might be closed if the Danish Government insists on a $17m. (£8.8m.) project for storing mine waste products now being dumped into Marmorilik Fjord. Ore reserves, the annual report said, are enough for a further six years of production.

* * *

Hampton Gold Mining Areas of London has earned a 10.67 per cent. interest in the Torrington wolfram venture in Australia, but will not proceed to acquire an additional 20 per cent., the company stated. The other joint venturers are Pacific Copper with 63.58 per cent., G. A. and L. J. Shepherdly with 20.41 per cent. and Messrs. Gasc and Araktingi with 5.34 per cent.

* * *

Saint Helena, the South African gold producers in the Union Corporation group, estimates that its No. 2 shaft will be out of commission for at least two weeks. There was an acident in the area last Monday, which resulted in the redeployment of staff to the No. 8 shaft area. A survey of the damage is taking place and water is rising at the shaft bottom, but there is no danger of flooding. The shares were 800p yesterday.

* * *

Hunting Geology and Geophysics of Borehamwood has been awarded the contract for the first airborne geophysical survey in Ireland for uranium. It has been signed with Aquitaine Mining Ireland, a subsidiary of Elf-Aquitaine, the French oil and minerals group.

* * *

Sedimex of West Germany is earning 55 per cent. of a joint uranium venture with Intercontinental Energy Corporation of the U.S. by funding an exploration programme costing $7.5m. (£3.9m.) on the Gulf coast of Texas. Intercontinental will be the operator.

BIDS AND DEALS

Britannia Arrow selling life assurance side

BY ERIC SHORT

Britannia Arrow Holdings (formerly Slater Walker Securities) has announced that negotiations are well advanced for the sale of its life assurance company Arrow Life Assurance and its subsidiaries and Britannia Life Association (CI) of Guernsey to Gulf and Western Industries Inc., a leading U.S. conglomerate.

The price to be paid will be close to the book value of Arrow, but the company does not intend to provide any further details until the contracts have been exchanged, which is expected shortly. The book value at the end of 1976 was about £6m.

The deal represents one more stage in the slimming down of the holdings of Slater Walker Securities following the departure of Mr. Jim Slater. If this sale goes through, the group's activities will be confined to property investments, unit trusts, and investment management services.

Arrow Life has been relatively inactive since the troubles, on the individual life side, but last year the company recommenced group pension business aiming at the small company sector. It had devised a scheme with the Birmingham Chamber of Commerce to enable small companies to contract out of the new State pension scheme. It had found considerable support for the scheme which essentially comes into operation on April 6—the start of the new State scheme.

At the beginning of the year the company launched its exempt managed fund for pension fund investment to supplement its deposit administration scheme. The general business of the former Slater Walker Insurance has been handed over to other insurers.

Gulf and Western has eight operating divisions, including a financial services side. This has two major operations, one being the Providence Capital Corporation which transacts life, property and casualty insurance. Life business at present is confined to the U.S., one leading company in the group being Capital Life of Denver. If this deal goes through, it will represent a major move for operating life business outside the U.S.

PONTIN'S

The offer by Coral Leisure Group for Pontin's has become wholly unconditional, having been accepted in respect of 110,508,864 existing Pontin's shares (90.84 per cent.)—being Ordinary shares now converted into 5 per cent. Non-Cumulative Preference shares — and 110,508,864 new Pontin's shares (90.84 per cent.)—being the new Ordinary shares to-day allotted by way of capitalisation of reserves. The offer remains open for acceptances until further notice.

ALLIED RETAILERS

Allied Retailers has agreed to purchase from Venture Carpets, a freehold factory at Frome, Somerset, together with most of the plant and machinery for £775,000 cash.

It is intended to use this plant to manufacture exclusive ranges of carpets previously produced by Allied under sub-contract arrangements. Production turnover is budgeted to reach £4m. in the first full year, most of which will be sold through Allied's retail outlets.

BAKER PERKINS FRENCH BUY

Baker Perkins Holdings is buying Malaxeurs Guittard, a French mixing machinery company, for £1m. This move represents further expansion into the chemical machinery market and the company's first investment in a wholly owned manufacturing facility on the Continent.

Guittard manufactures advanced mixers for the chemical, plastics and food industries. Its main market is France but it has also been increasing exports to other markets, especially the U.S. The products are said to be complementary to those of Baker Perkins chemical machinery division in the U.K. and the U.S.

The British factory will manufacture "overflow" Guittard mixers while the U.S. division will provide broad direction to marketing in America.

Guittard will continue to operate under present management with the founder, Mr. Yves Guittard as president director general.

NO PROBE

The proposed mergers of Thomas Tilling and Liner Concrete Machinery, and Electrical and Industrial Securities and C. F. Taylor (Holdings) are not to be referred to the Monopolies and Mergers Commission.

AMAL. INDUSTRIALS

The offer to acquire the 10.6 per cent. Cumulative Second Preference shares to which the 2,552,800 Ordinary shares of Amalgamated Industrials will be converted pursuant to the scheme of arrangement is extended until further notice.

At the close of business on March 14 acceptances had been received in respect of 1,060,48[illegible] Ordinary shares being equivalent to 41.45 per cent. of the shares for which the offer was made.

JAMES DAWSON

The Board of James Dawson was not keen to be taken over when J. H. Fenner made its initial approach. But, says Dawson's chairman Mr. Edwin Tutty in the official offer document, Fenner has been prepared to give "extensive assurances concerning the future autonomy, identity and management of Dawson and the prospects, terms of employment and pension rights of its employees." So now the directors are recommending the offer.

Dawson estimates that the pre-tax profit for the year ending March 31, 1978, will be £870,000 of which £90,000 will be income from investments. Mr. Tutty says this puts Dawson's shares at the bid price on a p/e ratio of 12.6 compared with 8.5 average for the sector.

Dawson considers that Fenner's larger business, which is more diversified within the general field of transmission engineering should provide greater stability to earnings. It also expects to benefit from Fenner's manufacturing and marketing strength and research facilities.

Meanwhile, the Fenner side points to the complementary nature of the two companies' products. Dawson manufactures conveyor belting at the lighter end of the market and Fenner at the heavier. The merger of the companies is expected to confer marketing benefits, especially overseas.

SHARE STAKES

Estates and Agency Holdings—British Empire Securities and General Trust holds 13,100 5 per cent. Redeemable Preference shares.

Illingworth Morris — G. R. Mackay, director, has disposed of 150,000 "A" ordinary shares between 26½p and 27½p. These were held in a trustee capacity and sales were made to make payments on account of capital transfer taxes as a result of the settlors' deaths.

Lesney Products—The ITC Pension Trust holds jointly with the ITC Pension Investments 100,000 restricted voting ordinary shares (5 per cent.).

Lead Industries Group — John James Group has bought 10,000 4.9 per cent. preferred ordinary shares, increasing holding to 108,675 (11.95 per cent.).

J. Sainsbury—First C.B. Trustee is now interested in 6,406,958 shares (7.73 per cent.) non beneficial as trustees. Vanheimer Trustee is interested in 4,150,464 shares (5.004 per cent.) non beneficial as trustees. The change in holdings arises from the appointment of a new trustee and not from sales of shares.

A. G. Stanley Holdings—Throgmorton Trust has recently bought 25,000 shares making holding 244,675 (5.16 per cent.).

S. Pearson and Son: On January 9 Cowdray Trust and Dickinson Trust jointly disposed of 150,000 shares leaving holding 3,575,847 shares. On February 1 Dickinson Trust disposed of 5,776 shares leaving holding 7,527,198 shares. On February 13 Cowdray Trust acquired 50,000 shares making holding 5,908,386 shares. On March 7 Cowdray Trust and Dickinson Trust jointly disposed of 388,332 shares leaving holding 3,187,515 shares. On March 9, Cowdray Trust and Dickinson Trust jointly disposed of 150,000 shares leaving holding 3,037,515 shares.

Trans Oceanic Trust: Following recent conversion of part of the 4½ per cent. conv. unsec. loan stock, Kuwait Investment Office holds 1,079,187 shares (9.1 per cent.) prev 997,000 shares.

OIL AND GAS NEWS

Houston Oil hits new gas field

AMERICA'S Houston Oil and Minerals has discovered a new gas field on its West Lopez prospect about 85 miles west of Corpus Christi. Houston's Billing "A" No. 4 well flowed on production test at 1.6m. cubic feet of gas and 13 barrels of condensate a day.

An offset location is currently drilling and several other wells are planned to further evaluate the new field. The company owns a 100 per cent. working interest and an 80 per cent. net interest in the 9,600 acre lease.

Houston Oil is also completing an agreement for the use of a semi-submersible drilling rig in the Baltimore Canyon offshore New Jersey. The rig is now under tow from the North Sea and should be on location in 45 to 50 days. The company expects to drill its first test in Baltimore's Block 676 about May 1.

ESSO-WMC FIND HYDROCARBONS

Hydrocarbons have been reported in Esso's first Australian west coast offshore wildcat well, Houtman No. 1, where Esso is operator in a joint venture with Western Mining (WMC). The well is offshore near the Dongara-Perth gas pipeline, and is rated most encouraging. A Western Mining report to Australian stock exchanges saw the company's share price rise around 5 cents to $A1.18.

The report said the well was logging at 3,500 metres after 334 metres progress for the week. Core number three was cut from 3,361.8 metres to 3,368.2 metres and number four from 3,386 to 3,396.5 metres. Gas-detention equipment indicated hydrocarbons between 3360 metres and total depth. Further reports are expected later in the week.

Esso is the operator in a joint-venture with Broken Hill Proprietary in Australia's main oilfield in the Bass Strait. Groups with Esso as operator have committed by far the biggest outlay to the new Australian offshore oil upsurge. The groups have spent $A140m. on 25 wells including 21 deepwater operations on the two Esso-BHP Exmouth Plateau blocks, each covering 8m. acres. Western Mining shares closed 3 better at 101p.

* * *

Indonesia is opening two new working areas in Central Sumatra for foreign investment in hydrocarbon exploration and production, according to Pertamina, the State-owned oil company. The two working areas are located in the southern part of the Central Sumatra basinal area and comprise over 19,000 sq. km.

The working areas are known as the Pamai Taluk area and North-east Jambi and are adjacent to the oldest and most prolific oil producing areas in Indonesia.

Scottish Equitable plans £8m. U.S. investment

The Scottish Equitable Life Assurance Society regards the U.S. equity market as having far greater investment potential than the U.K. market over the next two years, and arrangements are in hand to invest £8m. on Wall Street this year.

This was stated yesterday by Mr. Ian Henderson, the company's investment manager, at a meeting in London to disclose the 1977 results of the company. He also revealed that the company would continue to put about 70 per cent. of its new money into the fixed-interest sector and continue to expand its property holdings, with more emphasis on industrial and retail holdings.

The company invested £39m. in the gilt market in 1977, three-quarters of this being made in the first six months when yields were at their highest. About £7m. was put into equities, much of this being through the taking up of rights issues and £7m. in property. The annual report and accounts show that the company has started investing in woodland holding in three separate areas, including 3,000 acres of Kenmore Forest on the shores of Loch Fyne. Mr. Henderson pointed out that this was a long-term investment which fitted in with the company's future liabilities.

Premium income in 1977 rose by 43 per cent. to £53m. from £37m. thanks to single premium annuities rising from £6m. to £15.4m. Investment income jumped by 24 per cent. to £23.7m. from £19.1m. Claims rose by £7m. to £20.3m., this increasing coming from the maturity of £7m. of income bonds. Commission and expenses were over £1m. higher at £8m. and there was a transfer from investment reserve of £17.5m. The fund at the end of 1977 stood at £262m. compared with £197m. at the beginning.

Mr. Ernest Dawson, in his annual statement, reports record new annual premiums for 1977 arising from an upsurge in business towards the end of the year. However, the company is looking forward to much better new business results this year—at least 20 per cent. higher. The trading figures so far show that last year's upsurge has continued and even accelerated.

T. Clarke expands by £100,000

SECOND HALF profit ahead from £182,560 to £202,815 enabled T. Clarke and Co., an electrical contracting group, to end 1977 with a higher pre-tax figure of £427,856 compared with £328,073. Turnover advanced to £9.82m. against £7.72m.

At halfway, the directors said that the group was continuing to advance both turnover and profitability and anticipated that 1977 results would reflect a continuing improvement.

Full-year earnings are given as 3.74p (3.14p) per 10p share and the dividend total is raised to 1.12p (1.0112p) net, with a 0.6061p final. A three-for-10 scrip issue is proposed.

After tax of £239,285 (£169,794) net profit was up from £158,279 to £188,571.

First half decline by Nelson David

Due almost entirely to a decrease in unit sales of vehicles, taxable profit of Nelson David, the vehicle retailing and repair group, declined from £47,584 to £18,907 for the half year to September 30, 1977. Turnover was higher at £4.14m. against £3.76m.

The directors state that the fall in unit sales was particularly evident in the Vauxhall/Bedford franchises, where lack of supply resulted in a loss of throughput. However, this has been rectified to an extent in the second half, they say.

For the whole of the previous year, a pre-tax surplus of £68,000 was recorded.

First half tax took £10,000 (£24,000) and profit was struck after interest of £77,886 (£60,318). Earnings per 5p share are given as 0.16p (0.41p), while again no interim dividend is recommended—the last payments totalled 0.5p net in respect of 1971-72.

Steps were taken to reduce the group's borrowings, including the closing down of the Brighton garage, which was making losses and the reduction in new vehicle stocking commitment at Bowland Motors.

A garage site in Wrexham was sold, net proceeds amounting to £62,815, while a parcel of land of 0.66 acres has been retained to the rear of the premises with negotiations in progress for its disposal. The cost of the entire property was £28,403.

The business operated from the premises was showing insufficient return on capital employed the directors add, and the disposal of the property and the consequent realisation of assets employed will have a considerable beneficial effect on future group interest charges.

The directors report that although there were prospective purchasers for the London property, they have withdrawn their offer. When the rationalisation programme has been completed, they will look to the generating of higher profits from a healthier capital structure.

Advance seen by Adams & Gibbons

If the current weakness of the used car market can be overcome, the directors of Adams and Gibbons expect to be able to report increased earnings for the current year. Although the trading year has begun only modestly, the company's current new vehicle stock and delivery situation is substantially improved over the position in early 1977, Mr. Gordon Adams, the chairman, tells members.

Taxable profit was down £652,524 to £559,048 on sales of £18.27m. (£15.59m.) for the year to November 30, 1977, as reported on February 20. The net total dividend is raised to 4.35p (3.95p) per 25p share.

Working capital at year end showed an increase of £218,683 (£372,709) with bank overdrafts lower at £1.25m. (£1.38m.). Capital commitments amounted to £309,000 (£236,000) of which £17,000 (£161,000) had been authorised but not contracted.

The company's successful efforts to comply with the Price Commission profit margin controls and to eliminate previous excess eroded current earnings, Mr. Adams says. In the second half of the year there was extreme price competition from the major oil companies in the areas of the group's ICI petrol outlets, which limited their earnings contribution.

Meeting, Newcastle on Tyne, April 7, at 11 a.m.

UNION DISCOUNT

Union Discount had been able to maintain a reasonable running margin of profit on assets and had made a satisfactory start to 1978, the annual meeting was told.

Hoover set for better year

AFTER A difficult year, in which group profits fell from £17m. to £12.2m., Mr. P. C. Boon, chairman of Hoover is looking to 1978 with some optimism which he hopes will prove to be justified.

Further reduction in direct tax plus other Government measures should result in some expansion of the U.K. industry for domestic appliances. Although he does not expect any improvement in market conditions in the first quarter he hopes that the anticipated tax changes will improve the conditions progressively during the year.

The chairman feels that the situation overseas may well be similar. He hopes that the economic situation in Europe will start to improve and new products will assist penetration into these markets even furher.

Mr. Boon says that the group is in good shape to meet this situation since it will, towards the end of the first quarter, launch major new products which will be at the forefront of the group's marketing programme for the year.

The chairman says that he is confident that the new washing machine to be introduced this year will further consolidate the group's position in Britain while enabling further gains to be made in overseas markets.

Referring to 1977 the chairman points out that as a matter of policy the group maintained normal production levels in order to keep the workforce in employment. This has resulted in stock up from £41.47m. to £58.79m. at the year-end with a corresponding reduction from £32.16m. to £10.66m. in cash balances.

Expenditure contracted for at December 31 stood at £6m. (£3.2m.) and a further £26m. against £28m. was authorised but uncommitted.

A current cost statement of accounts shows an adjusted profit before tax of £5.32m. (£4.8m.) after depreciation adjustment £3.7m. (£4.5m.) cost of sales £4.7m. (£5.3m.). The group feels that the depreciation and sales cost adjustments are important factors in viewing profitability but because of present uncertainties the net monetary asset adjustment suggested by the Hyde report has not been shown.

Meeting, Perivale (Middx.), April 6, at 10 a.m.

F. PRATT

Trading at F. Pratt Engineering was still patchy but the current year as a whole should prove more satisfactory than last time, said Mr. A. M. Galliers-Pratt, chairman, at the annual meeting. Any increased profitability would show mainly in the second half, he pointed out.

MONEY MARKET

Confused trading

Bank of England Minimum Lending Rate of 6½ per cent. (since January 6, 1978)

Conditions were rather confused in the London Money Market yesterday. It was the third Wednesday in the month and therefore published figure day for the banks. Continued fears about possible reimposition of "corset" restrictions made the discount houses a more attractive home for surplus funds than the overnight interbank market once again, but day-to-day money was basically in short supply and some houses were obviously caught out towards the close. They were either rather reluctant sellers of Treasury bills to the authorities, or else were forced to balance their books by borrowing at very expensive rates in the interbank market.

There was a considerable differential between Reserve Asset funds lent to the houses and interbank rates, but the overall situation was less influenced by this sector than on the same day last month.

Discount houses paid 5½-6½ per cent. for secured call loans at the start, and may have picked up funds at 4½ per cent., although most closing balances were probably taken at around 6½ per cent. In the interbank market overnight money rose to 18-20 per cent. at lunch time, and fell to 9-10 per cent., before touching a high point of 40-50 per cent. in late trading, and closing at 20-30 per cent.

The authorities gave assistance to the market by buying a moderate amount of Treasury bills from the discount houses, but this was clearly not enough to take out the full shortage.

Banks brought forward surplus balances, there was a fall in the note circulation, and the market was also helped by redemption of gilt edged stock. On the other hand there was a fairly large net take-up of Treasury bills to finance, a fairly large excess of revenue payments to the Exchequer over Government disbursements, and settlement for a substantial amount of gilt-edged stock bought on Tuesday.

Mar. 15 197-	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	6½-50	—	—	—	6¾	4½-6⅛	—	—	—
2 days notice	—	[illegible]	6⅝	—	—	—		—	—	—
7 days or	—	—	—	—			—			
7 days notice	—	6½-6¾	6⅝	—	6⅝-6¾	6⅞	5¾-6¼	—	—	—
One month	6½-6⅝	6⅞-6⅝	6¼-6⅝	6⅝-6¾	6½-6⅞	6¾	6-6⅛	[illegible]	6[illegible]	7
Two months	[illegible]	6½-6[illegible]	—	[illegible]	[illegible]-7⅛		6-6[illegible]	[illegible]	6[illegible]	6[illegible]-7
Three months	[illegible]	6⅝-6[illegible]	6⅝	6⅝-[illegible]	6¾-7¼	7	6-6¼	5[illegible]-5⅞	6[illegible]	6[illegible]-7
Six months	6[illegible]-6[illegible]	7[illegible]-7½	7¼	6⅞-6½	7¼-7½	—	—	—	6[illegible]	7½
Nine months	7[illegible]-7[illegible]	7[illegible]-7⅝	—	7¼-7	8	—	—	—	—	—
One year	7[illegible]-7[illegible]	7¾-7[illegible]	7⅞-8	7¾-7½	8¼	—	—	—	—	—
Two years	—	—	8⅞-9	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rate nominally three years 10-10½ per cent.; four years 10½-10¾ per cent.; five years 10½ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 6[illegible] per cent.; four-month trade bills 6½-7 per cent.

Approximate selling rates for one-month Treasury bills 5[illegible] per cent.; two-month 5[illegible] per cent.; and three-month 5[illegible] per cent. Approximate selling rate for one-month bank bills 6[illegible] per cent.; two-month 6[illegible] per cent.; and three-month 6[illegible] per cent. One-month trade bills 6[illegible] per cent.; two-month 6[illegible] per cent.; and also three-month 6[illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) 7 per cent. from March 1, 1978. **Clearing Bank Deposit Rates** (for small sums at seven days' notice) 3 per cent. **Clearing Bank Base Rates** for lending 6½ per cent. **Treasury Bills:** Average tender rates of discount 5.9139 per cent.

AMERICAN NEWS

Court fight likely over navy ships

BY JOHN WYLES

NEW YORK, March 15.

THE U.S. NAVY is considering seeking a court injunction to prevent General Dynamics from halting work on 16 nuclear powered submarines in support of the company's demand for increased contract payments.

This increasingly bitter confrontation escalates the growing row between the navy and its shipbuilders over claims for additional payments to meet unanticipated costs. Shipbuilders' claims now amount to a record $2.7bn. and the accusations being swapped by the adversaries closely parallel similar disputes between navies and their shipbuilders in Europe, particularly Britain.

General Dynamics filed a claim in December 1976 for an additional $544m. on its $1.4bn. contracts. The company claims that the navy had delivered engineering plans and design specifications which were "grossly defective and seriously late to schedule." In addition, more than 35,000 design revisions had completely disrupted the company's production line.

General Dynamics has delivered two of the SSN688 submarines and says that work on the other 16 will be stopped on April 12 unless the navy shows signs of agreeing to a settlement which would be fair to the company and its shareholders. Halting the work would affect nearly 14,000 workers employed at the company's electric boat shipyards at Groton and Quonset Point, Rhode Island.

This conflict between the navy and General Dynamics, and similar arguments with its other shipbuilders, Litton Industries and Newport News Shipbuilding Company, stems partly from a tradition of contract bargaining in which both sides traditionally seek to maximise their advantages. Thus shipbuilders tend to inflate their claims on the expectation of negotiating to a lower figure.

However, the increasing sophistication of naval ships has made the task of fixing an initial contract price much more complex, while the navy's desire for earliest possible delivery means that pre-construction development work is being cut to a minimum.

Only last week, Mr. Harold Brown, the Secretary for Defence, acknowledged that the navy's shipbuilding programme was "plagued by difficulties" which were partly due to inadequate productivity in the shipyards and partly to contracts that were "not written carefully enough."

Credit for the navy's hard-nosed attitude to the shipbuilders is generally given to Admiral Hyman Rickover, its director of nuclear propulsion and once an important figure in the naval career of President Jimmy Carter. Admiral Rickover has several times claimed that shipbuilders have no compunction about "ripping off" the navy and that they inflate their claims to cover costs for which they, not the navy, are responsible.

Roughly two-thirds of the claims against the navy involve the construction of nuclear-powered ships and submarines whose supervision is Admiral Rickover's responsibility.

Brazil to control U.S. reinsurance company

By Diana Smith

RIO DE JANEIRO, March 15.

BRAZIL's Minister of Industry and Trade, Sr. Angelo Calmon de Sa, has returned from a visit to the U.S. with the official announcement that Brazil's Reinsurance Institute (IRB) and other Brazilian insurance companies will hold 51 per cent. of the capital of a new reinsurance company to be set up in the U.S.

The remaining shares will be held by U.S. and European companies. Duckinson and Hold, IRB's American representatives, will handle the formation of the new company.

With this new venture, the Minister said, Brazil will be able to attract more reinsurance as well as providing it on the internal market.

Sr. Calmon de Sa also revealed that while in the U.S. he had encouraged American insurance companies to buy Brazilian bond issues launched in Japan, West Germany and the U.S. last year at a total value of $700m.

Texaco expects recovery in sales of petroleum

TEXACO is following a policy of shrinking its marketing activities to emphasise profitability rather than volume in refining as well as in marketing. Partly as a result of this, Texaco recently slipped from first place in petrol sales in the U.S. World-wide its petroleum product sales volumes also declined last year. Thus year there could be a turnaround.

The efforts toward more selective marketing will continue and consequently there may be further withdrawals from certain marketing areas.

But the cost-pruning should begin paying off. Petroleum product sales volumes world-wide are expected to rise this year instead of declining as they did in 1977, in line with an anticipated increase in world-wide demand.

These are among the conclusions emerging from a wide-ranging Dow Jones interview with Mr. Maurice F. Granville, chairman and chief executive officer of Texaco.

Although there are several negative factors in the first quarter outlook—including the flat general economy in Europe and somewhat stagnant demand for gasoline in many areas of the U.S. Because of recent snow conditions — there are "a number of plus factors" as well Mr. Granville said.

Prices for petroleum products and natural gas "are better on the whole this first quarter than last year." Also a large aviation fuels contract which had locked Texaco into receiving relatively low prices because of price controls expired recently.

Steps are being taken to improve the group's refineries so that they can process higher sulphur crude oil and to improve efficiency and profitability in both refining and marketing. This includes a major reorganisation of marketing in both the U.S. and Europe with consequent reductions in manpower.

"We don't see anything spectacular" he said "but we will see continued improvement in profitability in the U.S. and Western Europe."

Texaco has been able to reduce its costs of marine transportation. It has sold some ships and is "slow steaming" others more than last year with resulting fuel and cost savings. It has also taken advantage of the currently low rates in the vessel chartering market.

AP-DJ

Optimism at Sea Containers

NEW YORK, March 15.

REPORTING a 73 per cent. rise in net profit for 1977 to $26.1m. Mr. James B. Sherwood, president of Sea Containers takes an optimistic view on the outlook for world shipping trade. "We tend to discount recession fears insofar as world trade is concerned."

Net outturn for the year was $3.45 a share, against $2.00 per share for the previous year. Excluding foreign exchange gains, the figure comes out at $23.5m., an advance of 70 per cent. over the $13.8m. earned in 1976. Revenue for the latest year rose 54 per cent. to $90.2m.

During the year the group spent $132m. on container equipment and $10m. on the purchase of other assets. Commenting on the figures, Mr. Sherwood says he does not believe there "will be any general surplus of containerships. Many new trade routes are only beginning to be containerised. Perishables, forestry products and parcel liquids are starting to move in containers."

Agencies

Downturn at Jewel

Jewel companies had fourth quarter to January 28 earnings per share of 89 cents against $1.12, AP-DJ reports from Chicago. Net income fell to $10.3m. from $12.9m. Sales rose to $830.2m. against $769.3m..

Quebec backs asbestos search

BY ROBERT GIBBENS

MONTREAL, March 15.

THE Quebec Government, now negotiating with General Dynamics of the U.S. to take control of Asbestos Corporation, is backing further exploration for fibre reserves in the Chibougamau area, 250 miles north of Quebec city.

The Government will pay up to half the $C180,000 exploration programme planned by McAdam Mining Corporation in the area, and could take a 25 per cent. interest in development if an asbestos deposit is found. This would be equal to McAdam's interest. The balance of 50 per cent. would be taken by the American-controlled Campbell Chibougamau mines, which holds mining rights on the exploration area.

There are several major known fibre deposits in north-western and north-eastern Quebec. The only one operating is the Ungava mine of Asbestos Corporation. One major property capable of immediate go-ahead to development at a cost of over $C300m. is located in the Abitibi area and is controlled by Brinco, a Rio Tinto-Zinc company.

A second major property near Chibougamau, is further from development but is also controlled by Rio Tinto-Zinc group.

Action sought on Volkswagen dealers

BY OUR OWN CORRESPONDENT

NEW YORK, March 15.

THE Environmental Protection Agency has asked the Justice Department to take action against 12 Volkswagen dealers who failed to make modifications to emission control equipment which the manufacturer had paid them to carry out.

The dealers were supposed to modify the catalytic converters on up to 195,000 Volkswagen Rabbits and Sciroccos following an agreement between the EPA and Volkswagen. According to the EPA, 12 dealers in ten states removed the converters and did not make the agreed changes. But they did retain the money paid by Volkswagen.

Volkswagen of America said the EPA's action was "ill-founded" and followed incomplete test results from a limited sample.

Meanwhile, General Motors disclosed to-day that it had been accused by the EPA of selecting vehicles for emissions inspections "In a manner which may have caused the vehicles selected to be unrepresentative of normal production vehicles."

The investigation centred on emission tests last December on a number of Buick Sabres. GM has now been informed that the investigation was "criminal in nature" and concerned not only the company but also individual employees.

The EPA had demanded the surrender of certain documents within 2 hours and intended to interrogate a number of employees. As a result GM was seeking a declaratory judgment in a Federal Court on whether the EPA has the authority "to conduct a criminal investigation of GM employees on the premises of the Buick plant in Flint, Michigan."

Reuter adds from Chicago: GM expects nearly all its petrol powered cars sold in the U.S. to be equipped with an onboard computer as standard equipment by 1981, according to company president Mr. E. M. Estes.

GM also hopes to have a battery-operated vehicle ready for the market by the mid-1980s.

Fluor in Holland

Fluor Corporation announces that a subsidiary will build a $100m. magnesium oxide plant in the Netherlands. Fluor Nederland BV, Haarlem, has begun work on the project under a letter of intent from a joint venture of Billiton International Metals BV, a Shell Oil subsidiary, and Northern Development, a Dutch state company, reports Reuter from Irvine. The 100,000-tons-a-year facility is expected to be completed by mid-1981.

Harris Bankcorp Australian buy

By James Forth

SYDNEY, March 15.

CHARTER Consolidated is selling its 40 per cent. shareholding in the Australian merchant bank International Pacific Corporation to Harris Bankcorp. Inc., the third largest bank in the midwest state of Illinois.

Harris is a specialist in the investment management field, handling $U.S.6.3bn. in pension and employee benefit funds during 1977. The pension fund and unit trust field is International Pacific's major growth area.

The consideration paid to Charter was not disclosed. Harris will contribute some preference capital to bring its holding to 40 per cent., but this amount was also not disclosed.

The ohter shareholders in International Pacific are the Rothschild group (40 per cent.) and the Commercial Bank of Australia (20 per cent.).

Earnings rise at AT & T

NEW YORK, March 15.

IN THE three months to February 28, net earnings of American Telephone and Telegraph (AT and T) rose by 24 per cent. to $1.2bn., or $1.30 a share against $1.52. Sales ended the period 13 per cent. higher at $9.7bn.

This brings total net earnings for the 12 months to February 28 of $4.7bn. or $7.15 a share, compared with $4bn. or $6.24 for the comparable period. Sales were $37.2bn. ($33.4bn.).

Earnings for the fiscal year 1977, disclosed a month ago, were $4.54bn. or $6.97 a share against $3.83bn. or $6.05 a share in 1976. Sales increased from $32.8bn. to $36.5bn.

The chairman, Mr. John D. Debutts said: "from our perspective the economy is sound and expanding and all the evidence at hand points to the prospect that 1978 is going to be another good year."

He added that the Bell companies handled 3.4bn. long distance messages during December, January and February—an increase of 13.2 per cent. over the period last year.

The Bell system added 1.2m. telephones during the three-month period—149,650 more than during the equivalent period last year. This brings to 129.3m. the number of Bell telephones in service—up from 123.8m. a year earlier.

Agencies

American Airlines hit

NEW YORK, March 15.

AMERICAN AIRLINES' February loss widened due to bad weather, a strike threat, and higher fuel costs. The airline reported a net loss of $17.4m. or 64 cents a share, compared with a loss of $7.6m. or 27 cents a year ago.

The company said severe winter storms during the month caused cancellations of more than 1,000 company flights. It added that a strike threat by maintenance workers caused some passengers to fly other airlines.

Fuel expenses during the month rose by 35 per cent., or $8.5m. on those of a year ago.

Reuter

Dow Jones expects maintained profit

NEW YORK, March 15.

DOW JONES and Co. expects 1978 first-quarter net profit to be about even, with the $9.1m. earned in the 1977 first period, Mr. Warren H. Phillips, president and chief executive officer, told the annual meeting.

Due partly to a smaller number of shares outstanding, he said, per-share earnings for the 1978 first quarter are expected to be about 59 cents, compared with 57 cents a year ago.

"We are satisfied with the way 1978 has begun," he said, noting that the company's first-quarter net income will compare with earnings in the 1977 first period that reflected several unusual factors.

Among these were foreign exchange gains of $800,000 in the 1977 first quarter, a contract cancellation payment of $600,000 to the company's Canadian news print mill affiliate and strong advertising lineage in the year ago first period.

AP-DJ

EUROBONDS

New Japanese measures inhibit buyers

BY FRANCIS GHILES

THE dollar sector of the market was quiet yesterday in thin trading. Uncertainty on the currency front, the imminent Japanese measures, and developments in the Middle East kept buyers away. On the other hand, good demand was reported for the new Norway issue as well as for the Canada and Australia bonds.

The new Japanese measures include a cut of threequarters of a point in the official discount rate which now stands at 3½ per cent. It remains to be seen whether long term credit rates will be adjusted in time to affect the March calendar of foreign bonds or whether this will not take effect until April.

Before the measures were announced, the terms had already been fixed for two placements for foreign borrowers. Panama has raised Y10bn. for 10 years on a coupon of 7.8 per cent. at 99½. The Industrial and Mining Bank of Iran has raised Y10bn. for the same maturity at 7.8 per cent. but priced at par. Panama was managed by Yamaichi and Bank of Tokyo

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 8½pc 1989	96	96½
AMEV 8pc 1987	96½	97½
Australia 8½pc 1992	94½	95½
Australian M. & S. 9½pc '92	98½	99½
Barclays Bank 8½pc 1992	97½	98
Bowater 9½pc 1992	98	99½
Can. N. Railway 8½pc 1986	97½	98½
Credit National 8½pc 1986	97½	98
Denmark 8½pc 1984	100½	101½
ECS 9pc 1985	98½	99½
ECS 8½pc 1997	98	98½
EIB 8½pc 1992	95½	96
EMI 9½pc 1989	98½	99½
Ericsson 8½pc 1989	96½	97
Esso 8pc 1986 Nov.	100½	101½
Gt. Lakes Paper 8½pc 1984	99½	100
Hamersley 9½pc 1992	100	100½
Hydro-Quebec 9pc 1992	96½	97½
ICI 8½pc 1987	97½	98
ISE Canada 9½pc 1986	103½	104
Macmillan Bloedel 9pc '92	96½	97½
Massey Ferguson 9½pc 1991	95½	96½
Michelin 9½pc 1988	101½	102½
Midland Int. Fin. 8½pc 1992	93½	99½
National Coal Bd. 8pc 1987	94½	95½
Ntnl. Wstmnstr. 9pc 1986	101½	102½
Newfoundland 9pc 1989	100½	101½
Norges Kom. Bk. 8½pc 1992	96½	97½
Norpipe 8½pc 1989	96	96½
Norsk Hydro 8½pc 1992	96½	97½
Oslo 9pc 1988	101½	102½
Ports Autonomes 9pc 1991	98½	99
Prov. Quebec 9pc 1995	96½	97½
Prov. Saskatch. 8½pc 1986	100½	101
Reed International 9pc 1987	90½	92½
RHM 9pc 1992	93½	94½
Selection Trust 8½pc 1989	90½	91½
Skand. Enskilda 9pc 1991	99½	100
SKF 8pc 1987	92½	93½
Sweden (K'dom) 8½pc 1987	95½	96½
United Biscuits 9pc 1989	99½	100
Volvo 8pc 1987 March	92½	93½
NOTES		
Australia 7½pc 1984	96½	97
Bell Canada 7½pc 1987	93½	96
Br. Columbia Hyd. 7½pc '85	93½	96
Can. Pac. 8½pc 1984	99½	100
Dow Chemical 8pc 1986	97	97½
ECS 7½pc 1982	97	97½
ECS 8½pc 1989	96	96½
EEC 7½pc 1982	97	97½
EEC 7½pc 1984	96	96½
Enso Gutzeit 8½pc 1984	97	98
Gotaverken 7½pc 1982	95	95½
Kockums 8pc 1983	98	98½
Michelin 8½pc 1983	99½	100½
Montreal Urban 8½pc 1981	101	101½
New Brunswick 8pc 1984	97½	98
New Bruns. Prov. 8½pc '83	100½	101½
New Zealand 8½pc 1986	98½	99½
Nordic Inv. Bk. 7½pc 1984	95½	96
Norsk Hydro 7½pc 1982	97½	98½
Norway 7½pc 1982	96½	97
Ontario Hydro 8pc 1987	96½	97½
Singer 8½pc 1982	100½	101½
S. of Scot. Elec. 8½pc '81	99½	100½
Sweden (K'dom) 7½pc 1982	98	98½
Swedish State Co. 7½pc '82	97½	98½
Telmex 9½pc 1984	99½	100½
Tenneco 7½pc 1987 May	94½	95½
Volkswagen 7½pc 1987	93	93½
STERLING BONDS		
Allied Breweries 10½pc 1990	97½	98
Citicorp 10pc 1993	97	97½
Courtaulds 9½pc 1989	93½	94½
ECS 9½pc 1989	97½	98½
EIB 9½pc 1988	99½	100½
EIB 9½pc 1992	97½	98½
Finance for Ind. 9½pc 1987	97½	98½
Finance for Ind. 10pc 1989	97½	95½
Fisons 10½pc 1987	100½	101½
INA 10pc 1988	97	97½
Rowntree 10½pc 1988	96½	97½
Sears 10½pc 1988	97	97½
Total Oil 9½pc 1984	96½	97½
DM BONDS		
BFCE 5½pc 1988	100½	101
BNDE 6½pc 1986	97½	98½
Denmark 5½pc 1984	100½	101
ECS 5½pc 1990	98	98½
EIB 5½pc 1990	98	98½
Euratom 5½pc 1987	99½	100½
Eurofima 5½pc 1988	99½	100½
Finland 5½pc 1986	98½	99½
Forsmarks 5½pc 1990	99½	100½
New Zealand 5½pc 1986	99½	100½
Norcem 5½pc 1989	100½	101
Norway 4½pc 1983	101½	102½
Sweden 6pc 1989	101½	102½
Tauernautobahn 5½pc 1993	99½	100
TVO Power Co. 6pc 1988	99	99½
Venezuela 6pc 1988	99½	100
World Bank 5½pc 1989	99	99½
FLOATING RATE NOTES		
Bank of Tokyo 1984 7 15/16pc	98½	99½
BFCE 1984 9½pc	98½	[illegible]

	Bid	Offer
BNP 1988 8 1/16pc	99½	100½
CCF 1983 8pc	99½	100½
CGMF 1984 7½pc	99½	99½
Creditanstalt 1984 7½pc	99½	99½
Credit Lyonnais 1982 8pc	99½	99½
DG Bank 1982 7 15/16pc	99½	100½
GZB 1981 8 1/16pc	100½	100½
Intl. Wstmnstr. '84 7 15/16pc	99½	100½
Lloyds 1983 7½pc	100½	100½
LTCB 1983 8pc	99½	100
Midland 1982 8pc	100½	101½
Midland 1987 7 11/16pc	99½	99½
OKB 1983 7½pc	100	100½
SNCF 1985 8½pc	99½	99½
Std. and Chtrd. '84 7 11/16pc	99½	100½
Wms. and Glyn's '84 8 1/16pc	99½	100½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4½pc '87	83½	84½
Ashland 5pc 1988	86	88
Babcock & Wilcox 6½pc '97	93½	94½
Beatrice Foods 4½pc 1992	91	97
Beatrice Foods 4½pc 1992	100	102
Beecham 6½pc 1992	93	94
Borden 5pc 1992	99½	101½
Broadway Hale 4½pc 1987	77½	79½
Carnation 4pc 1987	75½	77½
Chevron 5pc 1988	123	125
Dart 4½pc 1987	77½	79½
Eastman Kodak 4½pc 1988	79½	81½
Economic Labs. 4½pc 1987	77	79

	Bid	Offer
Firestone 5pc 1988	80	82
Gould 5pc 1987	103	105
Ford 5pc 1988	82½	84½
General Electric 4½pc 1987	81	83
Gillette 4½pc 1987	76	78
Gulf and Western 5pc 1988	81	83
Harris 5pc 1992	145	147
Honeywell 6pc 1986	84½	86½
ICI 6½pc 1992	84½	87½
INA 6pc 1997	92½	94
Inchcape 6½pc 1992	107	108
ITT 4½pc 1987	77	79
Jusco 6pc 1992	105½	106½
Komatsu 7½pc 1990	114½	115½
J. Ray McDermott 4½pc '87	138½	140½
Matsushita 6½pc 1990	135	138
Mitsui 7½pc 1990	107	108
J. P. Morgan 4½pc 1987	88	91
Nabisco 5½pc 1988	97½	98½
Owens Illinois 4½pc 1987	110	112
J. C. Penney 4½pc 1987	76	78
Revlon 4½pc 1987	106	108
Reynolds Metals 5pc 1988	81	83
Sandvik 6½pc 1988	108½	110½
Sperry Rand 4½pc 1987	84	86
Squibb 4½pc 1987	78	80
Texaco 4½pc 1988	77½	79½
Toshiba 6½pc 1992	113½	114½
Union Carbide 4½pc 1982	92	94
Warner Lambert 4½pc 1987	81	83
Warner Lambert 4½pc 1988	76	78
Xerox 5pc 1988	77½	79½
Source: Kidder, Peabody Securities.		

INTL. FINANCIAL AND COMPANY NEWS

Daf Trucks planning five-year expansion

By Charles Batchelor

AMSTERDAM, March 15.

DAF TRUCKS, the Dutch commercial vehicle maker, plans to strengthen its position in the international vehicle market over the next five years. Strong in its domestic — Benelux — market, DAF must now "increase its penetration" of other European markets, according to a report published to-day.

To maintain its position in the 1980s DAF is to consider setting up assembly plants outside Europe to prevent being shut out of these markets by import barriers. And to guarantee its exports to overseas markets such as the Middle East and Africa, DAF will develop a special export products programme. This will be based on the company's heavy and medium heavy vehicles.

This expansion plan, which will run until 1982, was drawn up with the help of the American consultants Arthur D. Little. All aspects of DAF's operations were reviewed including buses, military equipment, trailers, financing, markets and competitors.

The report suggests that DAF increase sales in the next few years on the basis of its present vehicle programme with certain modifications and extensions. Emphasis will be placed on DAF's heavy vehicles.

The report shows that DAF has not paid enough attention in the past to its bus and diesel engine divisions. These will both be given a higher priority. Production will be increased by almost a quarter to 16,000 vehicles a year from 13,000 in 1977. Capacity at DAF's existing plant is already 18,000 vehicles. The expansion of its truck, bus, engine and research and development activities are expected to lead to the creation of about 575 new jobs in the production and sales sectors. The workforce is at present 8,600.

The one activity which will be cut back is the trailer division. This is already making losses and is expected to continue to do so.

The company will cut back on trailer production in Madrid and Eindhoven and will concentarte on producing standard trailers at Eindhoven. Production of tractor units for use at transport terminals will be maintained and where possible expanded.

Veba to reduce dividend after severe setbacks

BY GUY HAWTIN

FRANKFURT, March 15.

VEBA, WEST Germany's largest industrial concern, looks as though it will have to cut its dividend drastically for 1977 after a year of greatly reduced profits. A preliminary report from the energy group's executive Board shows that net profit plunged from 1976's DM225m. to some DM77m. (around $37.6m.).

The statement from the Duesseldorf-based group said that it seemed probable that the dividend would have to be cut from the previous year's DM6 per DM50 nominal share to DM3. In fact, shareholders who pay West German income tax will not suffer such a great fall in earnings, as corporation tax reform allows them for the first time to offset corporation tax paid on their dividends against personal taxation. This means that they will be receiving DM4.70 per share if the executive Board's warning holds true.

According to the statement, losses were particularly heavy in the mineral oil and glass manufacturing sectors. Indeed, they had reached the proportions of the losses which occurred in the very bad year 1975.

Sales in 1977 actually declined compared with the previous year's performance. They fell from DM27.23bn. to DM27.06bn. (some $13.2bn.). In the electricity, mineral oil, chemicals and hollow glass production areas, turnover dropped from 1976's DM15.66bn. to DM15.56bn.

Capital investment spending also declined from the previous year's DM1.83bn. to DM1.53bn. As in 1976, last year the bulk of investment was channelled to the energy sector. Here, however, spending was still well below 1976's level — down from DM1.14bn. to DM945m.

This news should come as no great shock to shareholders, who were prepared for the worst in December when the concern announced that profits during the first three-quarters of the year had plunged by nearly 50 per cent. At that point, after-tax profits stood at DM80m. compared with the DM152m. reported at the end of the comparable period of 1976.

To-day's statement says that the decline took place primarily in the second half of the year. Comparing it with the preliminary report on the first nine months of 1977, it is apparent that the final quarter was even worse than the third quarter. No information is given on the opening couple of months of 1978, but to-day's report does not give grounds for optimism.

Electrolux well above target

BY WILLIAM DULLFORCE

STOCKHOLM, March 15.

ELECTROLUX, the Swedish household equipment group, to-day turned in a very strong preliminary report for 1977. Pre-tax earnings were up 16.7 per cent. to Kr.529.9m. ($115.2m.) after a 20 per cent. increase in turnover to Kr.9.24bn. ($2bn.). Both figures are well ahead of the 10 per cent. growth targets set at the beginning of the year.

The Board proposes to make a bonus issue of one "B" share for every five "A" or "B" shares and to pay a dividend of Kr.5.25 a share on the increased share capital. After adjusting for the bonus, this corresponds to a rise in dividend of Kr.0.80 a share. The bonus will be covered by writing up the book value of some shares in foreign subsidiaries by Kr.155.7m. and by transferring Kr.45m. from disposable funds.

The pre-tax profit is struck after cost-calculated depreciation of Kr.320m. Net financial costs leapt ahead from Kr.149m. to Kr.203m. The net profit after tax is given provisionally as Kr.307.4m., which is Kr.81m. up on the previous year. Earnings per share came out at Kr.16.15, compared with Kr.13.80.

Electrolux reports that it strengthened its position as one of the world's leading vacuum cleaner manufacturers last year, raising its market share in several countries and achieving a good profit level.

The market for white goods stagnated in some countries as a result of Government moves to dampen consumption, but the group maintained, and in some markets even increased, its share. The takeover of the rival Swedish Husqvarna company and the Swiss Therma AG will reinforce the group's position on the Continent, it is stated.

The industrial cleaning and service operations raised both sales and earnings, although the cleaning companies in Belgium, France, Holland and South Africa were disposed of last year. Demand for office products weakened, but greater mechanisation in production and an export drive contributed to higher earnings.

The group's industrial products, which include robots, showed a profit decline mainly due to the costs of reorganising newly acquired companies and stepping up the marketing effort on the Continent.

The Board expects sales to increase to around Kr.12bn. in 1978, allowing for the incorporation of the Husqvarna and Therma acquisitions. Neither of these companies is likely to contribute much to earnings, however, and the profit growth forecast remains at around 10 per cent.

Reorganisation costs hit Swedish Match

BY OUR OWN CORRESPONDENT

STOCKHOLM, March 15.

PROVISIONAL 1977 figures from the Swedish Match group reveal an almost unchanged pre-tax profit of Kr.54m. ($11.7m.).

However, a net extraordinary loss of Kr.90m., reflecting the throes of the reorganisation which the group is going through under its new managing director, Mr. Gunnar Dahlsten, resulted in a pre-tax loss of Kr.36m. ($7.8m.) compared with earnings of Kr.51m in 1976 and a net loss after tax of Kr.35m.

The parent company shows a net profit of Kr.49.9m., and the Board proposes to pay an unchanged dividend of Kr.5 a share.

Group turnover at just over Kr.5bn. ($1.1bn.) was ahead by 9 per cent., but if the sales of the foreign subsidiaries had been converted at the 1976 exchange rates prevailing before last year's krona devaluations, the 1977 turnover would have shown a decline of 2 per cent.

Some 60 per cent. of sales derived from the foreign companies.

Extraordinary items include capital gains of Kr.264m., the bulk deriving from the sale of Swedish Match's holdings in Wilkinson Match and the Gullspaang power company. These are more than offset by the extraordinary costs listed.

A breakdown of the operating profit shows that the original match division as usual made the largest contribution of Kr.84m., up Kr.3m. from 1976. Building components came through strongly with a Kr.12m. increase to Kr.67m. and a 25 per cent. rise in sales, while the packaging division almost doubled its earnings to Kr.21m.

Uddeholm doubles loss

UDDEHOLM, the Swedish steel and forest products conglomerate, plunged further into the red last year, but not to the extent forecast at the half-way stage. It reports a provisional pre-tax loss of Kr.384m. ($83.5m.) for 1977 against a loss of Kr.158m.

The figure includes stock gains of Kr.97m. by the parent company, compared with Kr.84m. in 1976. It also includes only Kr.21m. of the Kr.114m. devaluation loss sustained last year on foreign debt.

Sales grew by 20 per cent. to Kr.2.6bn. ($566m.), the bulk of the increase coming in the steel sector, where turnover was boosted by the special steels operation taken over from Stora Kopparberg. The Board proposes to pass the dividend for the second year running.

The management forecasts a "not insubstantial" improvement for 1978 as a result of reductions in capacity to meet anticipated long-term demand and structural changes. But Uddeholm will make yet another considerable loss.

MEDIUM-TERM LOANS

Statoil first ever foreign borrowing

By Francis Ghilès

THE Norwegian state oil company Statoil is raising a $300m. loan on the medium-term market, the first time it has ever raised a foreign currency loan. Up to now increases in the company's capital and long-term loans from the state have been its source of new funds.

The terms of this loan include a ten-year maturity and a split spread over the interbank rate of ⅝ per cent. for the first six years, rising to ¾ per cent., and a five-year grace period. There is no lead manager: Chase Manhattan Ltd. is co-ordinating the loan and Den Norske Creditbank is agent.

The loan will not be widely syndicated. Statoil is approaching about five Norwegian banks and ten foreign banks with offers to participate.

Norway becomes, after Canada, Finland, France, New Zealand, Qatar and United Arab Shipping, the seventh borrower to achieve a spread of ⅝ per cent. on a portion of a major medium-term loan. Only Qatar has achieved such a spread on a ten-year loan, but in that case only for four of the ten years.

Also for North Sea oil development, but this time in connection with the Murchison Field in the U.K. sector, Gulf Oil Corporation is raising $70m. from the London branch of Commerzbank. Terms are undisclosed.

The $200m. eight-year loan for the Industrial Credit Bank of Iran has just been signed in London. Conditions include a spread of ⅞ per cent. for the first five years, rising to 1 per cent. for the last three. Joint lead managers are Chase Manhattan Ltd., which is also running the books, BankAmerica Int. Group, Citicorp and Grindlay Brandts.

Downturn at Lafarge

BY DAVID CURRY

PARIS, March 15.

PROVISIONAL FIGURES from the Lafarge group, which ranks as the world's third largest cement producer, show that lower overseas earnings and the decline of the Canadian dollar have depressed consolidated profits. These are a fifth lower at Frs.145m. ($31m.) against Frs.184m.

The group's Canadian operations have been something of a black spot for some time. They constitute an important part of turnover, but strikes, construction delays and the weakening of the Canadian dollar have reduced the profits contribution.

The parent company is calling a shareholders' meeting to agree to a Frs.300m. capital rise and to approve the merger with the Moroccan 37 per cent. subsidiary Chaux et Ciments.

The parent company gross dividend is to be Frs.16.77 per share.

Expansion by Deutsche Babcock

DEUTSCHE BABCOCK, the West German machine and plant manufacturer, has bought a 50 per cent. stake in Velan Engineering, a Montreal-based maker of armatures for power stations and the chemical and petrochemical industries.

Babcock said the participation will secure for it a foothold in the expanding American armature market.

Velan Engineering has an annual turnover of around $C30m. ($U.S.26.7m.). Further details of the transaction were not disclosed.

Another unit of Deutsche Babcock, Precismeca Gesellschaft fuer Foerdertechnik, is to form a joint venture with McNiece Brothers (Pty.), of Australia, to manufacture transport components, Babcock announced.

The Brisbane-based venture will be called Precismeca Australia will be capitalised at $A5m. The firm will specialise in the manufacture of conveyor belt rollers, roller stations and similar products.

Earlier, Deutsche Babcock's managing board chairman, Mr. Hans Ewaldsen, said the group expects a 22 per cent. increase in turnover to DM3.9bn. ($U.S.1.5bn.) in the year to the end of September. Agencies

Target date set for Zaire loan

By Mary Campbell

THE end of this month has been provisionally set as the target date for the signing of the international commercial bank loan for Zaire's essential imports, which has been in gestation for over 15 months. The loan amount will be $210m. (although there is a chance that one or two more banks may come in for small amounts).

About 60 banks from seven countries will be participating in the loan. Japanese banks are contributing about $50m. of the total.

The loan agreement will specify two preconditions which Zaire will have to meet before it draws on the facility. First, Zaire must catch up on arrears on loans from commercial banks —it is understood that by the time it draws on the loan facility it will be overdue to the tune of some $100m.-$150m. Secondly, it must become eligible for a renewal of last year's IMF stabilisation programme, or for a new programme which involves drawing (or redrawing) on the higher IMF tranches.

SWISS NEWS

Government steps into Credit Suisse case

BY JOHN WICKS

ZURICH, March 15.

THE SWISS Finance Ministry has obtained Federal Council authorisation to appeal to the Federal Court against a decision taken by the country's national bank.

The point at issue is the amount of outstanding negative-interest commission to be paid to the National Bank by Credit Suisse in connection with transactions, disclosed last year, in which funds of clients of Credit Suisse's Chiasso branch had been improperly channelled to the Liechtenstein company Texon-Finanzanstalt.

The Swiss National Bank recently set a final figure of Sw.Frs.81.7m. ($42m.) on the sum in question, while the finance ministry, working from a different calculation base, puts the commission to be paid at some Sw.Frs.293m. ($150m.).

Credit Suisse itself has stated that it feels there should be no obligation to pay negative interest and is currently investigating whether it will also appeal to the Federal Court against the National Bank judgment.

The commission sum in question will be paid by Chiasso clients whose money was improperly kept in Swiss-Franc balances. Credit Suisse had retained part of the sum repayable to the clients to cover claims made by the authorities for fiscal or related charges.

Lindt and Spruengli

NET PROFITS of the Swiss confectionery concern Chocoladefabriken Lindt and Spruengli AG, of Kilchberg, rose to Sw.Frs.2.67m. (some $1.4m.) from Sw.Frs.2.16m. last year allowing the Board to recommend an increased dividend of Sw.Frs.90 (80) per bearer and registered share.

At the April 20 AGM shareholders will also be asked to approve the transfer of an unchanged Sw.Frs.200,000 to the reserve fund and an increased sum of Sw.Frs.400,000 (Sw.Frs.200,000) to special reserves.

World turnover of the brands Spruengli, Lindt, Grison and Nago—including licensed sales—rose by 13 per cent. in 1977 to Sw.Frs.406m. (around $209m.) and would have risen by 19.4 per cent. but for the alteration in exchange rates. Sales of the Swiss parent company alone were up by 15.3 per cent. to Sw.Frs.145.9m.

Ciba-Geigy U.S. buy

IN ITS seventh U.S. acquisition deal since late last year, the Swiss chemical concern Ciba-Geigy AG, of Basle, is to take over Communications Accessory Manufacturing Company (Camco), of North Carolina.

The acquisition will be made by the plastics and additives division of the Swiss group's New York subsidiary Ciba-Geigy Corporation.

Camco operates in the field of manufacturing corrosion-resistant telephone pedestals and "cross-connect" terminals in glass-fibre reinforced plastics. Its annual sales approach $2m. The takeover of the Camco range will supplement the product programme offered by Ren Plastics, which is also part of Ciba-Geigy's plastics and additives division.

Power company Elektrizitaets-Gesellschaft Laufenburg AG will offer a Sw.Fr.30m. issue at 3¾ per cent. from to-morrow. The 15-year issue will be priced at 99.5 per cent. and handled by a consortium led by Credit Suisse.

A share of Sw.Fr.20m. of the issue will be devoted to conversion or repayment of 5½ per cent. bonds to be prematurely redeemed on September 15.

Hongkong & Shanghai Hotels increase

By Daniel Nelson

HONG KONG, March 15.

THE CONTINUING boom in Hong Kong's tourist industry is reflected in Hongkong and Shanghai Hotels' performance for the year to December 31, 1977: unaudited net profit is up from $HK29.02m. to $HK35.52m. (some $US7.7m.) and the final dividend is 37 cents a share, making a total of 50 cents, up 19.05 cents on the previous year. The total dividend distribution will be $HK25.95m. ($HK21.79m.)

At the half-way stage, Hongkong and Shanghai profits were only 2.87 per cent. more than for the comparative six months period. This was attributed to a reduction in interest received partly as a result of the expansion of catering facilities and outlets, but mainly on completion of an apartment development at Repulse Bay which did not make a contribution to the January-June results.

Stock market chief's doubts on funding

LAST year's reduced turnover on the Hong Kong Stock Exchange—only 51 per cent. of that recorded in 1976—cast doubts on the ability of commerce and industry to turn to the exchanges for fresh capital, according to the Exchange's chairman, Mok Ying-Kie, in his annual report, writes Daniel Nelson.

He noted that the average daily turnover on the Exchange, one of four in the colony, was only $HK6.6m. (around $US1.4m.), although the Exchange had obtained a bigger slice of a smaller cake. Mr. Mok said that a proposal to share trading floor and administrative office space with the Kam Ngan Stock Exchange would, if approved, result in a sharing of a significant percentage of expenses currently carried by the Hong Kong Exchange.

The two exchanges share slightly over 50 per cent. of total stock-market turnover in the colony.

BANK OF ENGLAND QUARTERLY

OPEC countries continue to cut their net deposits

BY MARY CAMPBELL

THE Bank of England's latest analysis of London banks' international business suggests that the OPEC countries continued to cut their net deposits with international banks in the fourth quarter of last year. Net deposits by oil exporting countries during the fourth quarter fell from $23.8bn. to $22.4bn., having risen slightly in the previous quarter.

In general the underlying growth rate of London banks' international business declined in the last quarter of last year, the figures in the Bank's Quarterly Bulletin show.

The figures are important in that they are the most quickly published on a substantial proportion of the international banking business as a whole, and tend therefore to give some advance indication of general developments.

Provisional figures suggest that the size of the London market increased by some $12½bn. in the fourth quarter, compared with $8bn. in the third quarter. But the Bank attributes much of this increase to currency valuation changes and the seasonal build up in London banks' end-year positions. The increase over 1977 as a whole was $31½bn. with $5.3bn. worth of this attributed to increased deposits by central banks and monetary institutions.

A major development in the three months to mid-November of last year was a big rise in the banks' net deposits at the short end of the market. They built up their net borrowing for periods of under a year by $3.5bn. to $39bn. The increase in their net deposits at the very short end was even larger proportionately—net deposits at less than eight days rose from $10.7bn. to $13.6bn.

This $13.6bn. figure accounted for 35 per cent. of total net deposits, up from 30 per cent., three months before.

The Bank attributes the increase partly to demand for forward sterling by banks' customers. "The banks matched the forward sales of sterling to customers by switching short-term currency deposits into sterling," says the Bulletin. "They may also have switched short-term currency deposits into sterling on a covered basis on their own account," it continues, "to take advantage of the attractive opportunities which existed during the period."

A new addition to the Bank's coverage is an analysis of the maturities of dollar certificates of deposit issued by London banks and held by London banks. Published in the notes to the regular maturities analysis table (table 21 in the Bulletin), this shows that there was a marked shortening of the average life of outstanding dollar certificates of deposit between last May and December. In May, 1977, 23 per cent. of CDs outstanding were for maturities of one year or more; by November this had fallen to 19 per cent. Conversely, the value of outstanding CDs due to mature within a month rose from 12 to 15 per cent. of the total.

Banks' holdings of CDs are much smaller than the volume they have issued ($3.9bn. against $22.2bn. last December), but the maturity structure of the banks is not dissimilar.

The Bank has not published an analysis of the maturities of CDs outstanding for several years.

Defy in appliances acquisition

BY OUR OWN CORRESPONDENT

JOHANNESBURG, March 15.

THE CONTINUING depression in the consumer durables market has led to another merger between South African manufacturers. Agreement has been reached whereby Defy Industries is to acquire part of SA General Electric's household appliance division. Terms of the deal are that Defy acquires assets of R5.2m. in exchange for 2.9m. shares equivalent to 23.5 per cent. of Defy's issued capital.

The net asset value remains unchanged and the acquisition is essentially dictated by near-term considerations. The immediate effect on Defy's earnings is not quantifiable. But any improvement will not be sufficient to warrant any dividends in 1978. Defy's turnover has fallen fast and the cost of maintaining its distribution network has put a squeeze on margins. So the immediate rationale is that of boosting turnover.

In the medium-term, recovery will depend largely on a rise in new housing starts.

Nippon Oil forecasts new record

TOKYO, March 15.

NIPPON OIL COMPANY expects a record Y32bn.-Y33bn. (around $140m.) before tax and special items profit for the year ending March 31, compared with the record Y21.17bn. the preceding year.

The sharp rise is due mainly to an exchange profit following the yen's rise against the U.S. dollar, according to the company.

It added that it returned an exchange profit of Y13.81bn. in the first half-year, ended last September.

Nippon Oil plans to pay a special dividend of Y1 per share for the year in commemoration of its fortieth anniversary, in addition to the ordinary Y6 dividend.

* * *

NISSAN MOTOR Company plans to offer a total of 30m. capital stocks for public subscription at a market price in May to increase its capital to about Y69bn. from Y66.5bn., with the formal decision to be made to-morrow.

The offering aims at improving the ratio of net worth to total liabilities, currently 35.5 per cent., and lessening its borrowings which total some Y290m., the company said.

Reuter

AUSTRALIAN NEWS

Blue Circle Southern advance

By Our Own Correspondent

SYDNEY, March 15.

BLUE CIRCLE Southern Cement, Australia's largest cement group, raised its profit 14 per cent., from $A4.3m. to $A4.9m. ($5.6m.) in the year to December, despite prolonged industrial problems in several States, and sluggish demand in the major market, New South Wales.

The directors foreshadowed a rights issue this year to raise $A10m. towards the funding of a plant expansion programme started last year. Shareholders last contributed $A5.6m. through a one-for-five rights issue. The latest result is equal to earnings of 9.4 cents a share, compared with 9.9 cents in 1976 on lower capital.

The dividend is held at 6 cents, an effective increase of 12.5 per cent. as shares from last year's issue will receive the final of 3.75 cents.

Broken Hill Proprietary and the Associated Portland Cement Manufacturers group of the U.K. each own about 40 per cent. of Blue Circle's capital.

Bradmill profit downturn

BRADMILL INDUSTRIES, the Australian textile group in which, it was announced earlier this month that Tootal of the U.K. acquired a 40 per cent. stake, has reported a 25 per cent. setback in earnings for the December half-year, from $A2.6m. to $A2m. ($2.3m.).

During the period the company was involved in a prolonged takeover battle between the interests of two Melbourne businessmen, Mr. Bernie Hendel, and Mr. Abe Goldberg. Mr. Hendel gained control of Bradmill then agreed to sell 40 per cent. to Tootal while retaining an interest of about 10 per cent.

In spite of the unsettling effect of the takeover contest, the major drag on earnings was the Victorian power strike late last year which the directors estimate reduced pre-tax earnings by $A1m.

Sales and profits for January and February were higher and the Board considered that results for the second half would be appreciably better than for the same period last year. As previously reported, the interim dividend is unchanged at 3.125 cents a share.

Kemtron loss

KEMTRON, electronic and cables group, suffered a 66 per cent. reverse in profits for the December half from $A925,000 to $A314,000 ($U.S.358,000). In the full 1976-77 year the group incurred a loss of $A744,000.

Ford ends year in black

BY JAMES FORTH

SYDNEY, March 15.

FORD AUSTRALIA was the only one of Australia's "big three" motor vehicle makers to end the year in the black. The group earned $A4m. ($US4.7m.), a substantial drop from the $A21.4m. recorded in 1976 but well ahead of the $A8.4m. loss for industry leader, General Motors-Holden's and the massive $A27.8m. deficit by Chrysler.

However, Ford's profits equalled only 0.5 per cent. on sales compared with 3 per cent. in 1976, and was described by Ford's chairman, Sir Brian Inglis, as "completely inadequate."

Sir Brian listed four major reasons for the poor results. They were competitive pressures in a depressed market, participation in a voluntary price freeze, delayed cost recoveries during pricing inquiries and the power strike in Victoria late last year.

The depressed market led Ford last year to shelve plans for a new $A82m. assembly plant in New South Wales. Sir Brian said Ford's latest planning estimates of future industry volume was now significantly lower than the original forecast on which the assembly plant programme was based.

Ford's sales dropped from 133,116 units to 129,617 units. The total industry volume was down 7.3 per cent. and Ford's share represented 22.3 per cent. compared with 21.6 per cent. in 1976. Reflecting the effects of inflation, total sales rose 10.5 per cent. from $A704m. to $A779m.

Because of the severely depressed result, Ford has passed a dividend payment to its U.S. parent. In September, $A12.7m. was paid, but this came out of prior years' profits. In 1976, $A10m. went back to the U.S.

Humes boosts half-time payout

BY OUR OWN CORRESPONDENT

SYDNEY, March 15.

HUMES, the concrete, steel and plastic pipe manufacturer, increased its profit 28 per cent. from $A3.66m. to $A4.70m. ($U.S.5.4m.) in the December half-year and has raised its interim dividend from 2.75 cents a share to 3 cents. The directors described the recovery in the period as greater than expected and they now expect improved profits for the full year.

Orders on hand at December 31 totalled $A50.7m. compared with $A57.2m. at June 30 and $A52.3m. at December, 1976. Orders and inquiries were continuing at reasonable levels but major contacts were few in number for concrete and steel pipes and the group had ample capacity for additional work.

All main companies in the group achieved higher profits from trading. The directors said that the continued gains by the parent company in Australia and in the U.K. were "especially satisfactory" as was a quick recovery by the Far East group, where earnings were almost double the low level of the December, 1976, half-year.

The Singapore operations had continued to encounter severe competition but had managed to achieve slightly improved results while the Malaysian operations recovered significantly and showed a material increase.

On present indications, the Board of Hume Industries (Far East) expected that results for the second half would be comparable with those for the first six months and that profit for the full year would show a good recovery over 1976-77.

Trading profits of the U.K. subsidiary, Hume Pipe, showed a very pleasing growth, but profit was lower because the tax provision was much higher than the nominal charge in the December, 1976 half, as a result of prior tax losses. Prospects were encouraging for the remainder of 1977-78, and some improvement in full year earnings was expected.

In Australia, Steel Mains earned slightly higher profit. Demand remained slack, and recovery to a satisfactory level of activity was not expected in 1977-78. Significant idle capacity existed in many of the company's factories.

Steel Mains had recently been joined as a party to proceedings between Wood Hall and the Pipeline Authority of Australia regarding the laying of the gas line between Moomba in South Australia and Sydney.

Steel Mains had manufactured and supplied 105 miles of pipeline for the Pipeline Authority which had agreed the pipes met the contract specifications. The amount of the cross claim against Steel Mains was $A25m. The directors said that it would be some time before the legal advisors could express a concluded view on the complicated legal and technical issues involved, but the directors considered no liability existed against the company and had raised no provision against the claim.

Higher profits were earned in New Zealand, but trading would be difficult in the second half and results for the full year could be "somewhat below" the 1976-77 figures.

Comeng earns more but plans lay-offs

BY OUR OWN CORRESPONDENT

SYDNEY, March 15.

COMENG HOLDINGS, the rolling stock manufacturer, lifted a group earnings 12 per cent. in the December half-year, but plans to lay-off employees because of lack of orders. The improvement came largely from an increased investment and higher dividend from engineering group, Australian National Industries, in which a 20.6 per cent. stake is held and inclusion of earnings from H. P. Gregory.

These gains were partly offset by an 11 per cent. overall reduction in the equity accounted earnings of Union Carriage and Wagon Company of South Africa and Australian iron founder, Bradken Consolidated (34.6 per cent. owned).

The directors said that the downturn in rolling-stock activity in Western Australia was mainly the result of lack of forward requirement by mining companies and a serious fall-off in activity was now inevitable.

In New South Wales the problem related entirely to the run-down of current contracts for double deck suburban and inter-urban railway coaches. The company plans to lay off about 300 people, mostly in NSW, as a result of the slowdown and directors said they were concerned at the need to retrench a number of highly skilled personnel. Comeng hopes that if it wins any of the contracts currently out for tender it will re-employ many of these staff by the end of the year.

The interim dividend is held at 5.5 cents a share, payable on capital increased last month by a scrip issue.

National Consolidated raising $A6m.

NATIONAL Consolidated, the automotive, building products and greeting cards manufacturer, plans to raise $A6.4m. through a three-for-ten rights issue. Funds from the issue—the first call on shareholders for six years—will be used for capital expenditure and additional working capital.

The shares will be issued at $A1.00 each, compared with a market price of $A1.35, making a theoretical rights value of 50 cents. The directors expect to maintain the 10-cents-a-share dividend on the higher capital.

Higher dividend and profit at McIlwraith

A SWITCH to equity accounting enabled shipping group McIlwraith McEacharn to post a 19 per cent. gain in profit from $A1.9m. to $A2.28m. ($US2.6m.) in the December half year. The directors have raised the dividend on Ordinary and Participating Preference shares from 2.5 cents a share to 3.75 cents. Last year the company paid a final of 5 cents, to make 7.5 cents for the full year.

FINANCIAL TIMES SURVEY

Thursday March 16 1978

IRELAND

Since Fianna Fail gained its surprise election victory last June, Ireland has been enjoying an economic boom and there is a new atmosphere of commercial confidence in Dublin. But Britain is still a vital trading partner and Anglo-Irish relations over Ulster are deteriorating.

Heady days in Dublin

By Giles Merritt
Dublin Correspondent

N THE past 12 months. Ireland ias lived through a period of ɪewildering change — much of t good, some of it seriously vorrying. It has seen the Fine Gael-Labour coalition that nany Irishmen believed would ;ain a second term swept from ɔffice in last June's General Election. It has also seen that defeated Government's disregarded pre-election assurances of better economic days o come blossom into a full-scale economic boom.

To find itself at the top of he EEC growth league with in expected GNP increase luring 1978 of 7 per cent. is heady stuff for Ireland, especially as only a year or so ago he only EEC table the Republic was top of were the unenviable ones of inflation and unemployment. There is a new atmosphere of commercial confidence n Dublin these days — and ust to underline the point the city itself is tipped to be Europe's fastest developing capital.

During the worst days of the recession, in 1975-76 when Ireland's vulnerable and developing economy had slowed to zero and then minus growth and the magnitude of the long-term employment crisis became apparent, there seemed an ostrich instinct to ignore the future. Now, with the likelihood of at least three years of fast and sustained growth, the mood in Government and industry has become combative. The economic improvements so far are largely skin deep, but Ireland is aiming to capitalise on the coming good times to cure its structural ills.

Ireland now no longer feels doomed to being the poor man of Europe and is increasingly able to hold her head high in Brussels. In terms of trade, however, Britain is still more important to the Irish than all the other trading partners put together, and Anglo-Irish relations are deteriorating fast. It is inconceivable that the present close economic links across the Irish Sea should ever be prejudiced by political differences between London and Dublin, but the split over Ulster looks to be widening into a damaging confrontation.

The turnaround in Anglo-Irish relations has been almost as dramatic as that of the Irish economy, although arguably less positive. Leaving aside the question of whether British policy in Northern Ireland is correct—or even if there is a policy at all—the upshot of the new Fianna Fail Government's handling of the situation is that Ireland has moved from being a supporter of Britain to become its critic. Mr. Liam Cosgrave's coalition Government believes that Britain should remain militarily and economically in Ulster for the foreseeable future. Mr. Jack Lynch's Fianna Fail Government is in no doubt that a British declaration of intent to withdraw would unlock the Province's political impasse. Up to eight months ago Irish policy was that an internal Ulster solution, in which the Six Counties would remain part of the U.K. with its own devolved Protestant-Catholic Government, was the answer. Today, Dublin's official line is that a 32-county, all-Ireland settlement is the only outcome.

Interview

Since Mr. Lynch first made his position clear in a surprise radio interview 10 weeks ago, Anglo-Irish relations have deteriorated visibly. The British Government and Northern Ireland Secretary, Mr. Roy Mason, have not helped to defuse the situation by in turn rounding on Mr. Lynch; the Irish security co-operation along the Ulster border that was until recently pointed to in London as evidence of a cordial relationship has of late been criticised by Mr. Mason as grossly inadequate. As Irish officials had been pointing out, the fact that some sections of the British Press have unhesitatingly connected the Anglo-Irish disagreement with the worsening security picture in Ulster this year has further injured Ireland's image in Britain.

Mr. Lynch's hopes for a re-united Ireland—by which he seems to mean a federated Belfast-Dublin relationship similar to that being looked into, coincidentally, by both the Fine Gael and Labour Parties are legitimate and serious. The probability is that over the next year or two whatever British Government is in power will need to open some sort of discussion with Dublin on the subject. For while Westminster is bound by its solemn commitment to Ulster, that the Province will remain in the U.K. for as long as a majority wishes to, there are pressing reasons for recognising Ireland as a co-responsible Government as regards the Northern Ireland question. Dismissing Mr. Lynch as a nationalistic rabble-rouser, as has lately been the disturbing trend in British political circles, carries the strong risk of increasing sectarian conflict in the North.

There are, needless to say, many Irishmen who wish that Mr. Lynch's party, with its Republican background and conscience, would leave Ulster well alone. In addition to the problems that could emerge if Ireland and Britain find themselves in open conflict, and it is reasonable to argue that the closer the links the more vulnerable the relationship, there is a strong current of opinion in Ireland that considers the Republic has much more important priorities than Ulster. Business is concerned that the Government should concentrate on economic management, and there are many more people in Ireland who are comfortably insular and want nothing to do with the North than there are militant nationalists.

Ireland has, after all, had to fight hard for its growing prosperity. Its chief preoccupation must continue to be that of drawing level in terms of living standards with the industrialised nations. Ireland's cost of living is on average about 10 per cent. higher than Britain's but per capita incomes tend to be 50 per cent. lower than in Britain.

The Republic is not merely the poorest of the EEC countries; according to the World Bank it ranks 26 in the international incomes league with per capita GNP slightly below that of the USSR. If the yardstick of cars, telephones, and TV sets per 1,000 of population is taken, Ireland is about half as prosperous as, say, France or Britain. Yet the large and well-established Irish middle-class is not noticeably disadvantaged, nor are many of the farmers who have prospered ever since the Republic joined the Common Market. It is the peasant smallholders of the depressed West and the industrial workers who have not caught up.

If there is one factor that is depressing Ireland's wealth rating most of all it is unemployment. Economically and politically it is the single largest problem facing Mr. Lynch, and even his Government's ambitious plans for restructuring the economy aim only at halving joblessness to the more acceptable rate of 6 per cent. that some Irish economists are beginning to describe as "structural."

Unemployment is currently about 12 per cent., while in many areas under-employment is also substantial. Lack of work is a traditional ill in Ireland but last year, thanks to the recession and a measure of industrial modernisation, it became the issue that defeated Mr. Cosgrave. Mr. Lynch is also uncomfortably well aware that unless solved it is a problem that could yet oust Fianna Fail, in spite of its record 20-seat majority in the 148-seat Dail (Lower House).

Early this year the new Government unveiled a White Paper, entitled "National Development 1977-80" that sketched out an impressive, if risky, strategy in which GNP is set to increase by an annual 7 per cent over the next three years. Thus the Republic's GNP of rather less than £4.5bn. in 1976 should be £7.7bn. at current prices by end-1980. An integral part of the plan is halving the inflation rate to 7 per cent by the end of this year—which seems attainable—and pegging it at 5 per cent for the following two years.

Borrowings

To set the ball rolling, however, Fianna Fail is going on a public spending spree. Although the state's finances are already in bad shape following the Cosgrave Government's foreign borrowings during the recession—servicing the £4.5bn. national debt now takes a quarter of state spending—the Government is raising the borrowing requirement. Last year it was equivalent to around 10 per cent. of GNP, this year it is being increased to 13 per cent. The Fianna Fail calculation is that by priming the pump with construction and public sector employment, together with the incentives for private industry announced in last month's budget, it can by 1980 bring the borrowing requirement down to 8 per cent. of GNP.

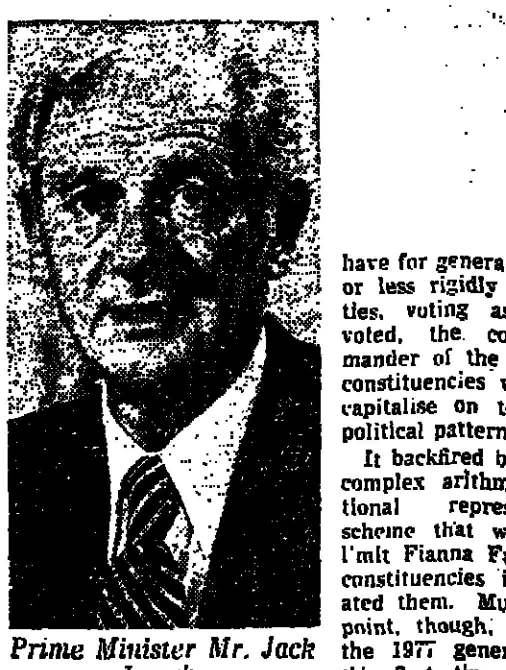
Ireland's Central Bank is far from happy about this "dash for growth," and a number of critics are cautioning that it is a gamble that could leave Ireland saddled with crippling debts. But the plan was born out of the recognition that Ireland must take radical steps to overcome her population explosion and concomitant job crisis. School-leavers are coming on to the labour market at a faster rate than that at which jobs have been created—even though the Republic's Industrial Development Authority has since 1960 attracted almost as many foreign investors to Ireland as have set up in the whole of the U.K.

In the past six months alone, the Irish authorities have been able to announce around £½bn.-worth of foreign investment projects, chiefly from North America. By 1980 the Government claims that it will have reduced the real total of unemployed to 80,000 from the present 155,000. But to put that reduction of 75,000 into perspective it is necessary to place it against the scale of the 420,000 new jobs that should be created between 1977-86 if the problem is to be tackled thoroughly. Not that 1986 is anything more than a notional point being used by economists when calculating the medium-term scale of the problem. Catholic Ireland continues to have the highest birthrate in Western Europe, so by the turn of the century the population could be 4.3m., as against the present 3.2m.

It often seems that the odds are stacked unfairly against Ireland. Politically, it is sitting on the powder keg of Ulster. In the context of the EEC, its lucrative position as the Benjamin of the Nine now looks seriously threatened by the possibility of enlargement. Agricultural Ireland is less than enthusiastic over the prospect of re-dividing the CAP cake with Portugal, Spain and Greece. And unless this year's £100m. offshore drilling programme yields major results it will have failed to get the oil bonanza that it has in recent years been quietly pinning many hopes on. But the Irish also have a much more subtle problem.

As a small and still developing nation they have giant strides to make. As part of the British Isles they also have expensive tastes. Reconciling the two is hard, and it is also something that Ireland's British-bred trade unions are loath to do. Labour relations are becoming strained in Ireland, for pay restraint has been made no sweeter by the knowledge that industrial workers and public employees are carrying the bulk of the tax burden. Ireland's strike record is worsening and last November's decision by Dutch multinational Akzo to close its £20m. Ferenka plant in Limerick underlined the dangers in that. Strikes in the public sector are five times as bad as in manufacturing industry, and at present the unions are cavilling over the 8 per cent. 1978 National Wage Agreement because it contains a strikes' cooling-off clause. Fianna Fail is concerned that the 90-plus unions grouped in the Irish Congress of Trade Unions should be rationalised. It is a notoriously tricky problem in any country and Fianna Fail has the added difficulty that its image of being "the businessman's friend" puts it on the road to being the working man's foe.

Political upsets



Prime Minister Mr. Jack Lynch.

IRISH POLITICS are obscure, and Irish elections inscrutable. Not just to outsiders, who last June watched what had been widely heralded as a neck-and-neck General Election turn on polling day into a landslide rejection of the Government, but to the Irish themselves.

It was not until four days before the election that Prime Minister Liam Cosgrave's Fine Gael-Labour coalition Cabinet realised from constituency-by-constituency surveys that the Dublin newspapers together with their own experts had seriously miscalculated the swing to Mr. Jack Lynch's Fianna Fail Party. Mr. Cosgrave was forced suddenly to recognise that his decision to hold an early election, rather than wait until October when the economy would more clearly have emerged from the recession, was at fault.

Departures

Shortly after Mr. Lynch took office with his record 20-seat majority in the 148-seat Dail (lower house), Mr. Cosgrave resigned from active politics and was followed into retirement by his former deputy Premier, Labour Party leader Mr. Brendan Corish. The two party chiefs' departures and the triumphant return of Mr. Lynch were not, however, the most significant features of the election result.

The Cosgrave Coalition's confident hopes of a second term were largely based on the constituency redrawing it had introduced shortly after ousting Fianna Fail in 1973. Counting on the fact that Irish voters have for generations stuck more or less rigidly to family loyalties, voting as their fathers voted, the coalition's gerrymander of the multi-seat Irish constituencies was designed to capitalise on these recognised political patterns.

It backfired badly, and in the complex arithmetic of proportional representation the scheme that was designed to limit Fianna Fail gains in key constituencies in fact accentuated them. Much more to the point, though, Irish voters in the 1977 general election for the first time deserted their traditional party loyalties. The implications of this are that, in the last quarter of the Twentieth Century, Irish politics are at last beginning to reflect the Left-Right tug o' war.

And even in the aftermath of last year's election upset it is still hard to tell at a glance which of the two major political parties stands where in the socialist-conservative spectrum. The foundation of both Fianna Fail and Fine Gael lies in the 1922-23 civil war over the recognition and acceptance of Ulster. Fianna Fail remains the anti-partitionist party and Fine Gael supporters are the "Free Staters" whose aspirations to a united Ireland are much less militant. The parties' fundamental split over the partition question has long eclipsed the more ideological debates that have dominated most other sophisticated parliamentary democracies.

Yet all the Cosgrave Coalition's efforts to turn Ulster policy into a prime election issue failed. Former Posts and Telegraphs Minister, Dr. Conor Cruise O'Brien, was not the only member of the Cosgrave Government who sought to arouse fears that Fianna Fail's nationalism could drag the Republic down into the Ulster conflict. The issues the voters were interested in were economic. And having had the misfortune to come to power only months before the recession began to bite, both Fine Gael and Labour were to find that their supposedly reliable supporters deserted them in unprecedented numbers in favour of Fianna Fail's ambitious manifesto strategy for economic reconstruction.

In retrospect, it still seems remarkable that before and throughout last summer's election campaign few Irish politicians realised that the old allegiances were giving way under economic pressures. But now both Government and opposition parties are well aware that the old slide rule assessments of their voting strengths have been replaced by a new volatility.

Mr. Lynch has publicly acknowledged that his Government will stand or fall on its ability to tackle Ireland's serious unemployment problem. Joblessness is currently over 12 per cent. and under-employment is a way of life. Because of the Republic's population explosion the problem has been getting worse in recent years. If Fianna Fail does not make heavy inroads into the unemployment total, and his party is committed almost to halving it by end-1980, the next General Election in 1981-82 could conceivably see another Government defeat.

Slim

Right now, the chances of that still seem slim. The Lynch Government's purposeful plans for capitalising on the economic boom to restructure the economy, combined with the opposition parties' disarray, make it hard to foresee the overturn of Fianna Fail and its massive Dail majority. What is certain, though, is that the next election will be fought on more recognisable Left-Right terms. Unless Mr. Lynch's interventions in the Ulster question unintentionally precipitate a dangerous crisis, partitionist politics are dying.

In the few months since he succeeded Mr. Cosgrave as Fine Gael's leader, Dr. Garret FitzGerald has not only made some impact as an articulate voice in opposition but has also sketched out the shape of the party he is now rebuilding. It is probably fair to say that from Dr. FitzGerald's point of view the Fine Gael party he took over was not so much shattered as anachronistic. He himself was also well aware that one of the cardinal mistakes the Cosgrave Coalition made during last year's election campaign was to tell Irish voters, whose disposable purchasing power had been reduced on average by a quarter during the recession, that they were not as badly off as Fianna Fail claimed. Fine Gael is now emerging as the party of the "have nots." Providing it can retain its conservative strength through reassuring the "haves" that social reform is essential in order to avoid political upheaval, Fine Gael could well emerge as a formidable "social democrat" force. Up to a fifth of Irish families are currently estimated to be living close to or beneath the poverty line, while the needs of industrial workers have still made comparatively little impression.

The key to the situation, though, is that both major Irish parties are somewhat contemptuous of doctrinaire politics. Both tend when in Government to approach problems pragmatically, and in that they presumably reflect the attitudes of most Irish voters if the moderate fortunes of Ireland's small Labour Party are any guide. Nevertheless, by the time the next General Election is called both Fianna Fail and Fine Gael are likely to be identified as parties of the Right and Left, respectively.

It may well not be a development that pleases Fianna Fail, for it likes to see itself as a party of popular nationalisation that overrides sectoral interest. But to implement its 1978-80 economic strategy for getting the private sector into top gear it must favour capital in its budgetary policies. It is hard to see how it can avoid disfavouring Labour. Fine Gael, on the other hand, had already begun to shuffle towards the Left during its 1973-77 term in office. Under the influence of its minority coalition partners in the Labour Party it embarked on a 14-point plan of social reforms. The conservative backbone of the party, including Mr. Cosgrave it is said, tended to be suspicious of the implications of that move. Dr. FitzGerald, on the other hand, is likely to build on it and with the Labour Party's own post-election purging of its vociferous left wing the way may be clear for a second attempt at coalition.

Possibly the most important future development in Irish politics, next to these imperceptible semi-ideological shifts within the parties, will be the identity of the man who leads Fianna Fail into the 1981-2 General Election. Mr. Jack Lynch is at present the undisputed leader and the architect of his party's crushing victory last year. His own gentle, avuncular appeal to the electorate was a major factor, but the next time around he will be in his mid-sixties. There has been a succession of unsubstantiated reports since he regained office of Mr. Lynch's failing health. It could be that all of these are without substance, even though the speculation now is that his present term will prove to have been a gruelling climax to over 30 years in national politics.

Mr. Lynch's succession, when and if he decides to step down, will most probably be fought out between three principal contenders: each of whom might substantially alter Fianna Fail's image. There is George Colley, deputy Premier and Finance Minister, 52, whose instincts would be to reinforce the party's character as the "businessman's friend." There is also political newcomer Professor Martin O'Donoghue, 43, currently Economic Planning Minister who not unnaturally appears to favour the further centralisation of power and a benign dirigism. He is a dark horse outsider whose strength is that he is new enough to have few political enemies and is Mr. Lynch's protege. But possibly the toughest contender is Mr. Charles Haughey, 48, the "rehabilitated" Health Minister who was sacked from being Finance Minister in 1970 over unfounded allegations of involvement in the IRA gun-running scandal of that year. Mr. Haughey has been shrewdly building on his reputation as a first class administrator, although it is his republican sympathies that would be at issue.

Dr. Garret FitzGerald, leader of Fine Gael.

Giles Merritt

Industrial unrest

WHAT SHOULD have been a bright, even glittering, year for Irish industry was darkened by the shadow of the Ferenka affair. Ferenka, the Limerick offshoot of the Dutch multinational, ENKA, closed in November with the loss of 1,400 jobs.

The closure would have been significant in any circumstances. Irish industry is still dominated by small enterprises and the Ferenka closure was the biggest single loss of jobs in the history of the Republic. What made it even worse, however, was that it came at the end of a bitter strike over union recognition.

The general view is that this was essentially an inter-union dispute and that it was the direct cause of the Ferenka closure. This view, not altogether suprisingly, is hotly disputed by the trade union movement. And it is true that the Limerick factory, which made steel cord for radial tyres, never made a profit. By the time it closed, its total losses were estimated at £16m.

It also had a history of troubled industrial relations, although it is fair to say that most of these were at the construction stage. Nor did it ever achieve anything like full production, although after the oil crisis there was in any case a surplus of its product on the world market.

But the strike coincided with an improvement in demand and the plant was out of production at a time when it could reasonably have expected to sell all the steel cord it could make. And if the dispute was not — as the unions claim — an inter-union one, to the outside observer it bore an uncanny likeness.

It involved two unions — the Transport and General Workers, Ireland's biggest union, and the Marine Port and General Workers. The ITGWU and MPGWU have had their battles before and the latter left the Irish TUC some years ago after a row involving the ITGWU.

Dispute

This time a group of workers in Ferenka left the Transport and General to join the MPGWU, which then sought negotiating rights for its new members. Hence the appearance, assiduously cultivated at times, that the dispute was an "ordinary" one between union and management. But management were well aware that to concede the MPGWU's case would immediately bring them into conflict with the other union and they apparently felt the merry-go-round was endless.

So Ferenka closed down, leaving worrying implications for a broad spectrum of Irish industry. The first is labour relations. When the plant shut down the same two unions were involved in another dispute over which should unload chemicals at Dublin docks for the giant Asahi textile plant now coming on stream in Co. Mayo. Few believe it a coincidence that they sorted out their differences shortly afterwards.

That, however, will hardly be enough. The beginning of this year has been marked by what may be the final eruption of a long-running dispute between the Post Office and its engineers. The consequent disruption of internal and external communications cost Irish industry, by some estimates, as much as £2m. a day.

There is a growing feeling that labour relations in Ireland have been deteriorating and ought to be improved. This has found its most concrete expression in the promise by the new Minister for Labour, Mr. Gene Fitzgerald, of a commission to look into the question of labour relations and a pledge of legislation where necessary.

It is not that Irish industrial relations are particularly bad. Ireland is neither at the top nor the bottom of the world league in this respect. But until recently the Industrial Development Authority, which is responsible for attracting foreign investment to Ireland, was using the supposed docility of the Irish labour force as a selling point in its advertisements.

Now, in the wake of Ferenka and the telephone strike, the danger is that foreign industrialists will see Ireland in exactly the opposite light—as a country where a plethora of unions and unofficial strikes makes investment uncertain.

That would be an unfair judgment but it is a real danger. Foreign businessmen cou'd be forgiven if they keep a close eye on the fate of the current draft national wage agreement, which provides for an 8 per cent. increase for workers, spread over 15 months.

That, in the words of the Minister for Economic Planning and Development, is just about "at the upper limit" for the Government's economic strategy. That strategy depends heavily on Irish industry, both existing and potential, creating the necessary growth to reduce unemployment—currently about 12 per cent.—and producing the revenue which will make the Government's heavy borrowing programme bearable in the years ahead.

But the agreement is under threat, not because of the money terms, but because of the provisions on the settlement of disputes. These provide that before a strike is called there must be a secret ballot with the support of 50 per cent. of the total eligible to vote, as well as a protracted process of arbitration and cooling-off. These proposals have run into severe opposition, most notably from the Transport and General Workers' Union.

The stakes are high. One sign of how high is the employers' own campaign to persuade the unions to ratify the agreement when they hold their delegate conference. It is arguable whether the support of the employers is necessarily an advantage to those unions in favour of ratification, but the employers feel they cannot stand idly by.

The reasons are not hard to find. Both Government and industry are anxious that the remarkable performance of the Irish economy over the past year should not slacken. Last year Ireland had the highest growth rate in the EEC. Much of this was due to the performance of industry, particularly exports, where there was an increase of 46 per cent.

The circumstances in the coming year will not be as favourable as last. The main difference is that the falling pound, from which Ireland reaped full value, has stabilised, while the fall in the dollar—a currency in which a large proportion of Irish exports are traded — will make it much tougher to sell abroad.

On the other hand there are signs that a considerable increase in investment is under way in Irish manufacturing industry, while agriculture—the biggest single industry—is doing almost embarrassingly well, given the farmers' favourable tax treatment.

The Government's strategy, which involved the abolition of wealth tax and the easing of capital gains tax, is to rely heavily on private industry for the promised economic recovery. It is in a sense the first real test for Irish industry, which after a decade of growth is now being asked to recover from a recession.

Industry has been claiming that if the policies are right it is equal to the task. Before the Budget, the director of the Confederation of Irish Industry, Mr. Liam Connellan, predicted that if industry were given the tools it could provide 15,000 of the 23,000 new jobs calculated as necessary if unemployment is to fall.

The tools now seem to be there. As well as the budgetary provisions, the 8 per cent. pay deal will keep Irish industry at least as competitive as its biggest customer and competitor, Britain. So the remaining shadow would seem to be labour relations, and should the Government—and industry—fall down on their targets the search for scapegoats will be vigorous.

Influence

It is accepted that, with its underlying structual unemployment, the Irish economy cannot approach full employment without continuing massive foreign investment and here the labour relations bogey—real or imagined—could have a considerable influence.

The Industrial Development Authority has increased its target for job approvals in 1978 to 27,000, the highest ever. Job approvals are not quite the same thing as jobs: not all of them come to fruition and there can be a lead-in time of several years for those that do.

Nevertheless the IDA has exceeded its targets every year for the past six years and its new targets are a sign of confidence that the flow of foreign investment can be maintained and increased.

The biggest battle may be with the U.K., which has become increasingly aware of the benefits of actively seeking foreign investment, particularly for depressed areas. In this field the "salesmen" are only too willing to point to any deficiencies in a competitor's labour costs or industrial relations.

There is too a realisation that time is running out for the kind of special incentives offered by Ireland and Britain. In the Republic the most effective has been the tax holiday for exports. But all the signs are that the EEC will move to equalise such incentives among the member States. Arguments about the need for special treatment for poorer regions like Ireland are unlikely to be heard any more sympathetically than, say, the arguments for an exclusive fishing zone.

So the efforts to attract investment before the curtain comes down will be that much more intense. The IDA itself says its targets are based on several assumptions: a continued favourable environment in the world economy; no reduction in the competitiveness of the incentives, or of Irish industry; and no deterioration in the industrial relations climate.

The state of the world economy is of course a problem. The Irish will be content if the situation does not actually deteriorate further, and the 8 per cent. pay limit should keep industry reasonably competitive. With so much at stake, and the opportunities there to be seized, one can except that both Government and employers will fight hard to make sure there are no more Ferenkas.

By a Correspondent

Changing economic climate

IRELAND'S ECONOMIC climate is to-day almost the reverse of that of a year ago. In terms of economic performance, Ireland has climbed dramatically from the bottom rungs of the EEC league tables to the top of the growth charts. Its GNP growth during 1977 was, at 5.1 per cent., twice the EEC average; inflation was reduced to half the Republic's 1976 rate of over 20 per cent.; Irish manufactured exports outstripped other EEC members' best efforts by rising 20 per cent. by volume and in Dublin the small and normally lacklustre stock exchange outperformed the London market for a while.

These achievements are being looked to by the Irish as merely the start of an unprecedented boom that by the early 1980s should have revitalised the country's industrial structure. In the popular view, the gloom over Ireland's future that marked 1976 and the early months of last year has been replaced by an almost boundless optimism.

Paradoxically, the Irish Government's view of the economy has changed just as radically, but in the opposite direction. Whereas a year ago it was insisting that Ireland's economic problems were being over-inflated, now it is working hard to inject a note of cold realism that will tone down some of the euphoria.

Trends

The key to these two apparently contradictory trends is, of course, that the present Fianna Fail Government last June ousted the coalition Fine Gael-Labour Government in a landslide general election. At the beginning of last year the coalition knew that the sensitive export-oriented Irish economy would shortly pick up speed as world trade accelerated. Its successor, with the sense of security that comes from a record 20-seat majority in the 148-seat Dail (lower house), is concerned that the present economic boom must not be frittered away but used to restructure the economy.

To some extent, these two differing attitudes are easily explained by general elections. Knowing that it was entering a crucial election year, the last Government strove to create economic confidence in the hopes of being one of the very few European Governments to survive after having presided over the recession. By much the same token, the present Irish Government knows that economists are warning against a downturn in the Republic's economic performance by the early 1980s, and it must go to the polls by mid-1982, and is therefore seeking to temper the electorate's expectations.

BASIC STATISTICS	
Area	27,136 sq. miles
Population	3,192,000
GNP (1977)†	£5,329m.
Per capita	£1,669
Trade (1977)†	
Imports	£3,083m.
Exports	£2,516m.
Imports from U.K.	£1,484m.
Exports to UK.	£1,182m.
Exchange reserves (end-1977)	£1,208m.

† Provisional

Whatever the politicians' ulterior motives, though, the upshot has been a widespread impression that whereas Mr. Liam Cosgrave's coalition tended to ignore some of the more unpalatable truths about Ireland's structural economic ills, the new Lynch Government is preparing to meet them head on. There is a lot of truth in that assessment, for putting the economy on to a sound footing is Mr. Lynch's top priority.

Mr. Lynch's Cabinet reflects that concern. Mr. George Colley, the Deputy Premier, is Finance Minister, and Dr. Martin O'Donoghue, an economics professor who has just entered national politics as Mr. Lynch's own influential protegée, is Minister at the head of the newly-created Department of Economic Planning and Development. In spite of the inevitable Dublin rumours that Mr. Colley and Dr. O'Donoghue are in competition for the mantle of "economic supremo," the signs are that for the present they are partners in a calculated and ambitious economic policy gamble.

Its objectives are straightforward enough. By the end of 1980, which is the limit of the three-year strategy period encompassed in a recent White Paper on economic development, Fianna Fail aims to have almost halved unemployment, pegged inflation to 5 per cent. a year, reduced public spending from the 1978 rate of 13 per cent. of GNP to 8 per cent. and sustained growth at an unheard of (for Ireland) level of 7 per cent.

The Central Bank and a number of respected economists do not think it can be done. They have been warning that Fianna Fail's dash for growth relies on a wide variety of factors—lower inflation, higher investment and productivity, improved balance of payments and progressively more determined wage restraint—slotting neatly into place at pre-determined times. In short, they are saying that the strategy is cumbersome and inflexible and the whole fabric will fall apart if a single strand is missing. Given that many economic conditions in Ireland are dictated by those that obtain in Britain, and that the Republic is currently in the throes of an almost imperceptible but nevertheless real social revolution, these warnings are not without weight.

Gamble

If the Government's gamble pays off, however, Ireland will enter the next decade in much better shape than seemed possible even a year ago. Unemployment, which Dr. O'Donoghue has realistically estimated at 155,000 rather than the 112,000 or 10 per cent. on the live register, will have dropped to 80,000. And if this year's anticipated 7 per cent. growth rate is sustained, Ireland's GNP will have shot from less than £5bn. in 1977 to almost £8bn. Fianna Fail will have begun to close what seemed an inevitably widening gap between Irish living standards and those of the rest of the EEC.

Alternatively, the gamble could fail and the Irish Republic will be saddled with crippling foreign debts. Servicing and making repayments on the State's foreign borrowings, most of which were incurred by the Cosgrave coalition during the recession, now mops up around between £1bn. and £2bn. of the equivalent of all income-tax revenue. The total national debt is £4.5bn., and that absorbs a quarter of all State spending in servicing costs. Yet the Lynch Government plans to increase its borrowings.

Either way, for better or for worse, the Government is now embarked on its course. Hard on the heels of its January White Paper setting out ambitious targets came Mr. Colley's February 1 Budget setting the plan in motion. Using public sector employment and the construction industry as a flywheel, the free-spending Budget used tax cuts and concessions to give the private sector a decided boost. Fianna Fail's concern is not just that private manufacturing industry must be stimulated in order to generate the revenues needed to pay for its strategy, it is also determined that it must be allowed to generate enough profits to undertake major re-investments. Mr. Lynch recently said that by 1980 the rate of investment in the Republic will have to rise a further 4 per cent. to 31 per cent. Remarking that Irish industry's investment level would thus "be close to the highest figures achieved outside the Communist countries in recent decades." Mr. Lynch added that expanding productive capacity was vital now that public spending was close to half of Ireland's GNP.

The Lynch Government's most immediate need, however, is wage restraint. Its White Paper strategy was based on a "flexible guideline" of average wage increases during 1978 of 5 per cent. Somewhat grumpily, the Government last month accepted an 8 per cent. national wage agreement struck by the employer-labour conference. Boiled down to employment, it cautioned, the pay pact might well cost the republic 4,000 jobs.

But in what looks a disquieting foretaste of things to come, the wages deal directly affecting almost half the country's workforce is already in doubt. Ireland's two largest trade unions are unwilling to endorse it because of a "cooling-off" clause it contains that was designed to counter the increasingly poor strikes picture. Strikes in the public sector are currently running at five times the rate in private industry and the Government has begun to consider the need for "rationalising" the 90-plus trade unions active in Ireland. A showdown with the unions may well be a feature of 1978, but would certainly upset some of Fianna Fail's delicate calculations.

Giles Merritt

A question mark over natural resources

PEOPLE DO not talk much about oil in Ireland any more. The considerable euphoria that followed the North Sea discoveries and the start of commercial exploration in Irish waters has pretty well evaporated.

Not that the search is over; far from it. Indeed 1978 will see the most concentrated effort by the exploration companies to date. But the failure to find commercial quantities of hydrocarbons, apart from the small gas field off Kinsale, means that government and industry prefer to do their calculations on the assumption that there may not be oil in any commercial quantity.

In that sense it is a question now of holding one's breath and keeping one's fingers crossed. With so many wells planned for next season, 1978 will be something of a make-or-break year. But the very level of exploration shows that all is far from over and in some circles there is still a fair amount of quiet optimism about the possibility of a major find.

The main area of interest now is the Porcupine basin off the west coast. Only two wells have been drilled there but both showed hydrocarbon traces, although not in commercial quantities. Between five and seven wells should be drilled there this year with BP, Shell and the Deminex and Elf consortia all active in the area.

Indeed, the likelihood is that more Porcupine blocks will be allocated for exploration this year, which could ensure drilling into the 1980s. Only extremely bad results could totally dent the enthusiasm of the drilling companies that oil might be found in sizeable quantities in this area.

A large question mark hangs over the Porcupine, however, because the water there is so deep that any oil find might not be a commercial proposition. Even at the present exploration stage European records were broken for depth of drilling. It may be that an Irish oilfield would come into its own only in some distant future when new technology and a world oil shortage would make difficult drilling at great depths a commercial proposition.

That is, of course, unless some of the early promise is fulfilled. The Fastnet basin off the south coast was the original area of hope and 1978 should settle its fate once and for all. Two years of activity have prodded poor results. Another six to nine wells will be drilled this year and it is still possible that the early hopes will be fulfilled. Should the wells prove dry, however, it is likely that the Fastnet will be largely written off and activity in the whole southern area become sporadic.

Drilling

Hopes of easy working are also high in the Irish Sea where drilling is already taking place in the Kish basin. The gas finds off Morecambe produced interest in Ireland, although there are quite different geological structures on the Irish side of the median line. Gas remains the most likely discovery in this area but its proximity to the prosperous east coast would make any find that much more valuable.

There will also be drilling in the Donegal basin off the north-west coast this year. Amoco has already indicated that it will drill there, but it seems likely that others — Texaco has been mentioned — may move in. This is virgin territory and far from easy, but it is a small basin and although this year's programme will hardly be enough to establish its potential conclusively it is an area which will be watched with interest by all the consortia.

Nineteen seventy-eight should establish the potential of those areas which have been extensively explored in recent years while also indicating whether the newer territories of the Porcupine and Donegal are worth further investment. All these developments will be watched closely by the Government — a Government of a different complexion from the one which offered most of the licences.

Should there be finds off the west or north-west coasts the conditions are such that commercial extraction might be unrealistic for some years to come. The Government might then have to reconsider its terms with the oil companies, and it is possible that this question will be dealt with in the results of a policy review which are expected soon.

Certainly dealings with oil and mining companies was one of the issues which most divided the last Irish Government and the present one when the latter was in opposition. It is more than possible that the present Government will switch to a royalty/taxation system on finds rather than the equity stake in successful consortia and the establishment of a State oil company envisaged by the previous administration.

On land the news has been not so much of mining but of a political row over State participation in the Bula company. Bula is the smaller end of the Navan lead and zinc orebody. This is the largest orebody in Europe and the bulk of it is worked by the Tara company, itself an offshoot of a Canadian conglomerate.

It would have made more sense for the ore to be worked by one company but some astute Irish businessman seized the opportunity to buy some of the land, in partnership with the original owner. The Government tried to take control but found to its embarrassment that the Irish constitution's protection of private property rights would not allow it to do so.

The Industry Minister in the then coalition Government, Mr. Justin Keating, decided there was nothing for it but to buy into the Bula company to ensure some State participation in the development. The first problem arose over valuation when arbitrators fixed the price of a 25 per cent. stake at around £10m. even though the Government's highest figure for the whole mine was less than that.

Worse was to come. As well as criticism of the Government's failure to take a controlling interest in the company, Mr. Keating was attacked for cementing the arrangement in the form of a Bill even though he felt unable to give Parliament all the details because of commercial confidentiality.

The opposition was furious, and in the heated debates which followed their spokesman, Mr. Desmond O'Malley, pledged to publish the details if his party were elected. Last summer it was, and Mr. O'Malley, despite reports that he might have regretted his rashness, kept his promise.

There were some fairly startling revelations. Although the Government had a 49 per cent. stake it had only 23 per cent. of the voting strength and, even with this weak position, it could not acquire control without the consent of the private shareholders. On the other hand, there were restrictions on the rights of the private shareholders and considerable powers of veto on company policy were left in the hands of the Minister.

Even so, Mr. O'Malley was accused of not being completely open because he did not publish the company's consolidated balance sheet. The real lesson from the whole rather sorry business would seem to be the relative powerlessness of Irish governments in the field of mineral deposits.

Mr. O'Malley has promised legislation, but now that he is in office he has become aware of the difficulties. The nub is how to give the State the control over mineral deposits which the Irish people probably want without severely reducing the rights of private property, which the Irish people would almost certainly defend.

Mr. O'Malley has said there are at least five different ways in which legislation could be drafted, all of them presenting difficulties. But the promise of legislation still stands.

It may be needed. There are strong rumours that Navan may not be the only substantial zinc body in the country. And there is sufficient interest in the possibility of uranium deposits for prospecting licences to have been granted for various parts of the country.

Depressed

For its part Bula remains, in the words of one commentator, "just a muddy field." Difficulties over planning permission for the company's scheme to divert a local river and commence open-cast mining have halted development. Tara, for its part, is already shipping out its ore, although labour problems and the depressed price of zinc have somewhat dampened early enthusiasm.

The same factors have cast some doubt over the future of an Irish smelter, even though the export of raw ore infuriates the vocal resource protection groups. The New Jersey Zinc Company is still working on a feasibility study and the results are expected soon. A new element was introduced to the debate recently with an apparent offer by the Soviet Union to build the Irish smelter.

It seems an unlikely alliance but it could fit in with efforts to close Ireland's trade gap with Russia. Ireland can hardly get into the metal business seriously without a smelter and associated "downstream" activities but its feasibility will depend both on the state of the market and Ireland's own proven reserves.

So new discoveries could be important. While no one is making predictions, the feeling remains that natural resources are a significant factor in Irish economic equations and that there probably is something out there in the hills.

By a Correspondent

Tourism poised for recovery

TOURISM IN Ireland is recovering after six years of declining fortunes. This year tourists are expected to exceed 2m. for the first time ever—a target originally set for 1970 but quickly dropped when Ireland's image became linked with violence in the North.

No one questions the fact that tourists would have exceeded the magical 2m. figure long ago but for the troubles and the occasional bombing south of the border. That figure was nearly achieved in 1969 when there were 1.9m. tourists and, to attract the extra 100,000 visitors the Dublin Government embarked on an expensive promotional campaign in Britain and the U.S. The effort was in vain: 1970 brought an increase in violence and tourist numbers dropped off dramatically. About 700,000 changed their minds about coming to Ireland.

With the number of incidents considerably reduced in the past year, the recovery has been equally dramatic and officials of the Irish Tourist Board are optimistic that the country's third most important industry can now resume the steady expansion experienced in the 1960s. Only a sudden upsurge of violence can interrupt that pattern.

The results from 1977 were particularly satisfactory. Tourist numbers grew by 10 per cent. to 1.891m. and in revenue terms were worth £232.7m., including the fares paid to Irish travel companies.

The improved results reflected a growth in all markets but particularly significant was the increased number of visitors from the U.K. It is this market which largely determines the success or otherwise of Irish tourism. A total of 853,000 tourists came from Britain last year and although most of them had some family connection in Ireland there was a notable increase in other visitors.

But while the Tourist Board expresses satisfaction about the improved results from Britain it is prone to forget that last year's figure falls far short of the record 1.125m. British visitors in 1969. This is a measure of the loss the tourism industry has had to endure because of the violence. In 1968 Ireland had 17.2 per cent. of all Britons who took holidays abroad: by last year, the share was less than 8 per cent.

Campaign

To improve that situation, the Tourist Board is committing a bigger proportion of its £7.8m. marketing budget to the U.K. and 100 representatives of the industry are touring Britain seeking support from clubs and travel agencies.

The campaign in Britain, launched by the Minister for Transport and Tourism, Mr. Patrick Faulkner, shows signs of bearing fruit. Advance bookings are considerably higher than in previous years and the Tourist Board estimates that they will have no trouble in reaching its target of 921,000 visitors. The Board has also drawn considerable comfort from the annual British National Travel Survey which has shown that almost 20 per cent. of adults contacted (or a potential market of 8m. people) were interested in holidaying in Ireland "despite the present political circumstances." A similar survey in 1976 showed that only 11 per cent. of adults (or an effective market of 4m. Britons) would come to Ireland.

The renewed vigour of Irish tourist interests stems mainly from the incentives provided by the Fianna Fail Government since it was returned to power last July. It placed particular emphasis on the development of tourism in its election manifesto and, to make Ireland a more attractive destination, it persuaded Britain to agree to the introduction of duty-free facilities between the two countries from March 1.

Official figures show that every £1 spent by foreign tourists in Ireland generates £2.06 in additional income within the country, while the Exchequer also benefits since tourist spending tends to be on relatively highly-taxed goods.

Tourism also provides much needed commercial activity in rural areas where unemployment is high.

Of the three markets which serve Irish tourism in quantity—the UK, North America and Europe—Europe is the only one which has no ethnic content. This market was only developed seriously in 1970 when the British visitors began to stay away. In the seven years since then arrivals from European countries have grown by 150 per cent. and the Tourist Board estimates that by 1979 Continental Europe will have overtaken the U.S. as a market for Irish tourism. This year West Germany alone is expected to produce 98,000 visitors, an increase of 18 per cent. on 1977.

Ireland's appeal on the Continent is founded on an interest in activity-based holidays such as fishing, golf, motoring, horse riding and game shooting. An important advantage of this market is that holidays extend beyond the peak summer months. In the past Ireland has tended to have a compressed tourist season, with 40 per cent. of annual demand occurring in July and August.

Airlines and car ferry companies are now concentrating on developing business during the "shoulder periods" of April, May and June and September and October.

Another reason for staggering the inflow of tourists arises because of a shortage of hotel rooms in Dublin, Cork and a number of the main resorts during July and August. Hardly any new hotels have been built in the past decade because of the depressed market. This year only one major new hotel is being built—the 200 room Berkeley Hotel in Dublin which will rent double rooms for £33 including breakfast. A single room with breakfast will cost £22.

Prompted

Although hotel standards dropped some years ago because of the absence of reasonable profits, the improved trade of the past year has prompted many owners to undertake elaborate refurbishing schemes. The Tourist Board is also putting considerable emphasis on the quality of the "product" and may provide financial incentives to raise the standard of hotels.

With the introduction of keener fares on the North Atlantic, Ireland is budgeting for a growth of 11.6 per cent. in that market, bringing numbers to 337,000. Much of the marketing effort here is done by the State airline, Aer Lingus, which itself is enjoying better trading results than some of the bigger carriers. After losses of £10.6m. in the two years up to March 1976, the airline turned in a modest profit in the following year and is due to report a surplus of over £2m. in the year just ending. The airline's trading performance is largely determined by the success or otherwise of the tourist trade. Like the Tourist Board, it is optimistic about the future. On present calculations, tourist numbers are expected to grow by one-third over the next five years. Whether they do or not may depend not on economic prosperity but the political climate on both sides of the border.

Jack Fagan

Good times for farmers

IRELAND'S 180,000 farmers have had their best year on record. Their net income increased by an average of 34 per cent. because of favourable weather conditions, a 5 per cent. growth in output and higher prices for most commodities.

The year was also significant in that it marked the end of the transition to full EEC membership. For farmers this meant an end to the transitional price increases necessary to bring the level of Irish farm produce up to the level of prices obtaining in other parts of the Community.

Up to last January, Irish farmers were getting a much higher rate of increase in farm prices each year than their European counterparts. During the five year transitional period, the increase was of the order of 167 per cent. It is hardly surprising, therefore, that Irish farmers voted almost unanimously to join the EEC. It is they more than any other section of the country who have benefited from membership. Joining the Community gave them access to a market of 250m. people and reduced their long standing and not very profitable dependence on the British market.

After the boom conditions of the past five years, there is an increasing realisation that they cannot hope for anything like the same level of price increases as in the years ahead. In fact, the Government-sponsored Agricultural Institute is forecasting that price increases will be no more than 6 per cent. to 8 per cent. this year depending on the final package agreed in Brussels.

Irish farmers have also taken note of the widely held view that the size of the price increases in Europe have been excessive in view of the butter, skim milk powder and beef mountains, the growing consumer lobby and the influence of industrial workers. Farmers appear to accept that the bubble has burst and that increased output and a major expansion in production will be the only means by which they can maintain their incomes in line with industrial workers.

With the handsome profits from recent endeavours, agricultural production in Ireland in the coming years is virtually certain to exceed that in any other country in Europe. This year alone gross output will increase by at least 12 per cent.

In contrast to the situation in other Community countries, it is a relatively simple task to increase production in Ireland. Much of the land is already under-utilised either because it is deprived of fertilisers or owned by elderly farmers who have long lost the motivation to maximise its potential.

The Irish can still produce the cheapest milk in Europe because the long growing season for grass reduces the need to feed cattle indoors. It is hardly surprising, therefore, that milk production rose by over 9 per cent. last year. The total intake at creameries was 740m. gallons which was worth about £350m. to the producers. Despite the surplus of milk products in the EEC, milk prices in Ireland were 35 per cent. higher than in 1976 and the absolute increase of 13p per gallon was the biggest relative increase ever recorded. Significantly, half of the farmers in the country are now involved in milk production.

Remember

Those who concentrated on beef production have also reason to remember 1977. Cattle prices rose by 24 per cent. during the year and overall sales increased from £375m. to £490m. Despite these good returns, the Government is dissatisfied with the marketing arrangements—and with good reason.

Though beef is Ireland's largest single agricultural export, meat factories have displayed a serious lack of marketing initiative, according to Agricultural Minister Jim Gibbons. They have been reluctant to move into the added value products such as vacuum packed exports and retail pre-packed cuts which would generate extra revenue at home and provide much needed employment. Instead, the factories have relied heavily on the sale of beef through EEC intervention, a system which involved no marketing at all.

Mr. Gibbons is now to consider widening the role of the Government-sponsored Beef Marketing Board to provide the improvements required. "Time is not on our side" he said, and a dramatic improvement in the processing of meat products was urgently required. He warned that unless this problem was overcome quickly Ireland would "be left behind by our competitors."

The marketing of dairy products has by comparison, been enormously successful throughout the world. The Irish Sugar Company has also reason to be satisfied at last with its vegetable processing subsidiary, Erin Foods. The company has just prepared its first ever profit on its processing and marketing operation since it began 17 years ago. In that time Erin Foods accumulated losses of up to £15m. It has now turned the corner and company officials are predicting a steady growth in profits and turnover, now standing at £20m.

The good weather last year also produced all-time record yields of cereals and the enhanced contribution which was expected from tillage by 1980 was largely realised in one year alone. Barley production, for example, increased by 60 per cent.—the largest single growth in memory.

Despite the exceptional profits from the different farming enterprises, landowners again protested at the prospect of having to pay more taxes. And because it is afraid of alienating the rural vote, the Government brought only another 7,000 farmers into the tax net and softened the blow by increasing allowances. In particular, farmers can opt for a notional system of computing their income rather than producing detailed accounts. Even with the latest measures, only 22,000 farmers are obliged to pay tax on their incomes. Their contribution this year will be only £24m.—something which has greatly angered the trade unions whose members paid £522m. in income tax in 1977. Pressure on the Government to increase the burden of taxation on farming will almost certainly increase in the years ahead.

Jack Fagan

APPOINTMENTS

Tootal Menswear chairman

Mr. T. Stewart Davies has been appointed chairman of TOOTAL MENSWEAR, part of the Tootal clothing division. Mr. C. H. Fletcher, now deputy managing director, has been made managing director.

★

Mr. Tom Wood, marketing director, has become executive director of CHLORIDE INDUSTRIAL BATTERIES' industrial operations in Europe. Mr. Simon Coates, homes sales manager at Chloride's Matlock home sales base, has been appointed director of motive power sales at the Clifton plant. Mr. Leslie Bedlcoat, manager of Chloride International Marketing, has been made director of standby power and export sales at the Clifton plant.

★

The new name for Tate Emes (Construction Services), a subsidiary of Furness-Houlder (Insurance), part of the Furness Withy Group, is FURNESS-HOULDER (COMMERCIAL SERVICES), the Board of which is: Mr. R. Seymour (chairman); Mr. J. W. McLaren and Mr. R. H. Nye (managing directors); Mr. G. D. Barton; Mr. H. J. Hicks; Mr. R. B. Hutton.

★

Mr. Ronnie Gee has been appointed chairman of the Board of Drexel Burnham Lambert Ltd., the London-based affiliate of the DREXEL BURNHAM LAMBERT GROUP, and vice-president of Drexel Burnham Lambert Inc. with specific responsibility for all commodity business in Europe and related areas. Mr. Gee has been with the Amax Group in their New York and London offices for over 25 years, and has been chairman and chief executive officer of Ametalco Trading and managing director of Amax International.

★

Mr. T. P. Thornton, a director of Hill Samuel and Co. is to be appointed a non-executive director of ROBERTSON FOODS from April 1.

★

Mr. John J. Chluski and Mr. Douglas Stevenson have been elected corporate vice-presidents of INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION. Both remain vice-president of ITT Europe and will continue to be based in Brussels. Mr. Chluski is group executive of automotive products and industrial equipment at ITT Europe, and is also responsible for all operations in Scandinavia. Mr. Stevenson is group executive of electronics and industrial components at ITT Europe.

★

YOUGHAL CARPETS. Mr. E. A. LL. Morgan, marketing director becomes additionally managing director, U.K. operations. Mr. G. L. Pruce has been made deputy managing director and sales director, U.K., Mr. D. A. O'Keefe is now sales and marketing director, Irish division. Mr. P. D. Wheatland, director and general manager, leaves the company after many years' service.

★

Mr. William Oakley is to be appointed group finance director of UNICORN INDUSTRIES. Mr. Oakley comes from Wilkinson Match and he will succeed Mr. Peter Welch who is leaving at the end of April to become group finance director of Foseco Minsep.

★

Mr. E. L. S. Weiss has been made finance director of LINDUSTRIES. Mr. Weiss latterly managing director (finance) of Drake and Cubitt Holdings, remains a non-executive director of Lovell Stewart, a wholly-owned subsidiary of Y. J. Lovell (Holdings), and of Kyle Stewart Construction.

★

Mr. M. D. Chataway has been appointed a vice-chairman of C. CZARNIKOW from April 1. Mr. Chataway joined the company in 1957 and joined the Board in 1971.

★

PHILLIPS PETROLEUM COMPANY has announced the appointment of Mr. Bill M. Boyce as manager, Ekofisk Region in Stavanger, from April 1. He will also become president and general manager of Phillips Petroleum Company Norway. Mr. Boyce succeeds Mr. Gordon D. Goering, who becomes vice-president, refining division, Petroleum Products Group, in Bartlesville, Oklahoma.

HOME CONTRACTS

Qualter Hall wins £1m. NCB work

QUALTER HALL, Barnsley, is working on orders for mine car handling equipment worth more than £1m. as part of the National Coal Board's general surface reconstruction and improvement programme. At Acton Hall Colliery, North Yorks, the company is supplying mine car handling equipment and materials systems. Similar equipment is being installed at Oakdale Colliery, South Wales. At Hatfield Colliery, Doncaster, Qualter Hall is supplying shaft side equipment and a materials tub-circuit. Work is also being completed at Frickley Colliery, Doncaster, on a new dirt car circuit. At Coventry Colliery, South Midlands, equipment for air-lock and shaft-side car handling is being supplied.

★

TELEPHONE RENTALS received orders worth almost £850,000 for the design and installation of private automatic branch exchange (PABX) telephone equipment in January. They include installations for British Rail, Coventry Climax, Yorks Water Authority, the Western Isles Council in Stornoway and four London hotels, Brown's, St. George's, the Waldorf and the Westbury.

★

EMI SOUND AND VISION EQUIPMENT, a division of EMI Industrial Electronics, has won a contract worth £438,000 from the British Broadcasting Corporation for the design, supply and installation of antenna tuning equipment.

CONTRACTS AND TENDERS

COMISION EJECUTIVA HIDROELECTRICA DEL RIO LEMPA (CEL) EL SALVADOR, CENTRAL AMERICA

Announces that two international competitive Bid Invitations will be conducted for the following materials and equipment for Unit No. 3 of Ahuachapán Geothermal Power Plant:

1. THERMAL INSULATION FOR PIPING SYSTEM

Bidding Documents are expected to be available and Bids are expected to be opened in accordance with the following schedule:

Bid No.	Issued Documents Date	Bid Opening Date	At Site Delivery Date
CEL-566	March 13, 1978	May 30, 1978	January 31, 1979

The Bid refers to thermal insulation of about 6,000m. steel pipes and 350 bends of 12, 16 and 20 inches nominal diameter. Insulating material shall be block of calcium silicate.

2. FIREFIGHTING PLANT

Bidding Documents are expected to be available and Bids are expected to be opened in accordance with the following schedule:

Bid No.	Issued Documents Date	Bid Opening Date	At Site Delivery Date
CEL-567	March 13, 1978	May 31, 1978	April 30, 1979

The Bid refers to one automatic spray water system for protection of one 40 MVA and one 3.25 MVA transformers, various stand pipes, hydrants, pipes and accessories.

Contract Documents will be available to Bidders at ELC-Electroconsult, Consulting Engineers, Via Chiabrera 8, 20151 Milano, Italy or at COMISION EJECUTIVA HIDROELECTRICA DEL RIO LEMPA (CEL) 9a, Calle Poniente 950, San Salvador, El Salvador, C.A.

Bidders not previously qualified must submit with their offer the following information:

1. Experience record in similar works
2. Brochure statement of financial resources
3. Description of plant and organisation
4. Banking references
5. Other information which will aid in judging Bidders qualification.

CEL has received a loan from the World Bank (IBRD) and proceeds of this loan will be applied to financing the contracts resulting from the above Bid Invitations.

Bidding is open only to firms from member countries of IBRD and/or Switzerland.

APPEL D'OFFRES INTERNATIONAL

CHAMP DE GAZ OFF-SHORE DE MISKAR (TUNISIE)

AVIS DE CONSULTATION POUR LA PRESELECTION DE L'INGENIERIE DE L'UNITE DE TRAITEMENT A TERRE DU GAZ DE MISKAR

Le Groupe étude Miskar, agissant pour le compte de la future entité responsable de la réalisation du project de développement du gisement de gaz de Miskar, dans le Golfe de Gabès, lance une consultation de présélection en vue de passer commande pour les études d'ingénierie et les services nécessaires pour l'acquisition de l'équipment et la supervision du montage d'une usine de traitement de gaz acides à proximité de Sfax, comportant des unités de traitement et des installations de production d'énergie et autres facilités.

Les Sociétés d'Ingénierie intéressées par cette consultation sont invitées à retirer le dossier correspondant à partir du mardi 21 mars 1978 à l'adresse suivante:

GROUPE ETUDE MISKAR—11 Av. Khereddine Pacha—TUNIS Telex 12128 TN

et ce moyennant le paiement d'une somme de trois cents (300) dinars tunisiens par dossier ou de sa contre valeur en devises étrangères

Les dossiers ne seront pas envoyés

Les propositions relatives à cette consultation devront parvenir au plus tard le mardi 2 mai 1978 à 17 heures.

COMPANY NOTICES

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NOTICE TO HOLDERS OF DEFERRED SHARE WARRANTS TO BEARER. PAYMENT OF COUPON No. 60

[illegible]

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[illegible]

LEGAL NOTICES

THE COMPANIES ACT, 1948
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT
IN THE MATTER OF
0025 of 1978
SAGAR SECURITIES LIMITED. Nature of business: Investment Holding Company. Winding-up Order made 6th February, 1978. Date and place of first meetings: [illegible]

ART GALLERIES

[illegible]

PUBLIC NOTICES

SUPPLY OF CERTAIN GAS APPLIANCES

The Director General of Fair Trading has asked the Monopolies and Mergers Commission to investigate the supply in the United Kingdom of gas cookers, space heaters and instantaneous water heaters.

Any individual, trader or organisation who may have evidence which could help the Commission in their enquiry is invited to write to:
The Secretary
The Monopolies and Mergers Commission
New Court
48 Carey Street
LONDON WC2A 2JT

BIRMINGHAM COUNCIL BILLS

[illegible]

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WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Lower on $ and Middle East fears

BY OUR WALL STREET CORRESPONDENT

NEW YORK, March 15.

STOCKS RETREATED in active trading, amid growing concern about more inflation at home and developments in the Middle East.

However, the broader market was performing better than the Glamour and Blue Chip sectors which continue to be under pressure from portfolio adjustments by large institutions.

One factor behind the decline was a prediction by Mr. William Miller, the Federal Reserve Board chairman, that the dollar's fall in overseas currency market since last September could add 0.75 per cent. to the U.S. rate of inflation.

Prices did, however, improve a little in the final hour, following the news from Jerusalem that Israel had achieved the objectives of its strike against Palestinian guerillas in South Lebanon.

The Dow Jones Industrial Average was down 3.98 at 758.58 and the New York Stock Exchange index declined 0.14. Big board volume came to 23.3m. shares against Tuesday's 24.30m. But declines were only slightly ahead of advances. The Stocks Index shed 0.58 to 266.91 but Transports and Utilities were marginally higher.

Trading began on a firm note after the settlement reached by negotiators in the coal mines strike.

Automation Industries rose $3¼ to $18¼ and General Cables picked up ¼ to $13¾. The two companies plan to merge. Airco, which recently rought a merger offer from BOC International, rose $3¾ to $44.

Actively-traded American Telephone and Telegraph gained 25 cents to $61¼. The company came in with higher three-month earnings and forecast a good 1978.

Prices finished higher on the American Stock Exchange in moderate trading. The Amex index rose 0.32 to 126.09.

Stock volume was 2.78m. shares against 2.83 on Tuesday.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Texas Utilities	356,200	20	—
Hercules Inc.	471,400	13½	+⅛
American Tel. Tel.	261,700	61¼	+¼
Cnt. Illinois Pub. S.	249,600	13¾	—
Teleprompter Corp.	236,300	19¼	+¾
Airco Inc.	226,700	44	+4
BankAmerica Corp.	201,100	22⅛	+⅛
Browning-Ferris Ind.	183,700	11½	−⅛
Coca-Cola Bltg. N.Y.	163,900	9⅛	+1⅛
Sears Roebuck	144,500	24⅛	−⅛

OTHER MARKETS

Canada higher

Canadian share prices closed higher in busy trading as Real Estates issued led a strong advance. The Real Estate sub-group gained more than 62 points in Toronto, the largest daily rise since January, 1976. The Composite Index was 5.3 higher at 1,039.4 and advances outnumbered declines 245 to 174. Oil shares put on 9.3 to end at 1,378.2 and Metals and Mining rose 1.6 to 828.7.

In Montreal too the Industrial Index added 0.08 to 169.74

PARIS—The market resumed Monday's very firm tone after Tuesday's weakness and a number of second-line stocks were initially marked to limit-up. Gains of 8-10 per cent. were scored by CFP, Thomson-Brandt and Cie Bancaire, while CGE, LMT, Paribas, Peugeot, Michelin, Creusot Loire, Perrier and Aquitaine moved strongly ahead. The market is convinced a victory for the present Government in Sunday's election is highly probable, despite the agreement between Left-wing parties to support each other's candidates. Rhone Poulence gained Frs.3 at Frs.138 and Carrefour put on Frs.35 at Frs.1,480.

BRUSSELS — Belgian share prices were mixed in moderate trading. Reserve, Asturienne, Hoboken, Vieille Montagne and UCB rose. But CBR, Sofina, Traction, Cockerill, ACEC and Solvay fell. Société Générale Banque gained B.Frs.50 at B.Frs. 2,895. La Royal Belge put on B.Frs.10 at B.Frs.5,390. Petrofina rose B.Frs.55 to B.Frs.3,870. but Canadian Petrofina fell.

AMSTERDAM — Prices were mixed with the index slightly higher. Royal Dutch was easier as was Unilever.

COPENHAGEN — The market closed mixed in fair dealings. Banks and Communications were lower. Insurances ended higher. Commodities, Shippings and Industrials were mixed.

FRANKFURT — Shares lost ground sharply on general uncertainty caused by the strikes in the German metal and newspaper industries and the Israeli advance into Lebanon.

Veba lost DM10.80 following news it is halving its dividend for 1977 to DM3. Other leading shares lost up to DM4, although major Chemicals were steady against the trend.

OSLO—Industrials were barely steady and Banks were steady. Insurances and Shippings were quiet. Norsk Hydro edged lower.

VIENNA — Prices continued very steady with Reininghaus notably higher among Breweries after Tuesday's fall. In Constructions, Union Bau fell. In Industrials Semperit rose. Elsewhere Veitscher Magnesit and Kleinmuenchner eased.

ZURICH—The market continued its recovery but at a slower pace than recently with buying interest highly selective. Swissair Bearer gained Sw.Frs.5 ahead of its results due later this week to end at Sw.Frs.810. Leading Banks also showed minor increases and in somewhat irregular Financials Oerlikon-Buehrle Bearer met active demand again rising Sw.Frs.30 while Elektrowatt and Motor Colombus eased. Insurances followed the general trend, led by firmer Rueckversicherung Bearer. Brown Boveri and Georg Fischer led engineering.

MILAN—Stocks were generally higher in more active trading at the close of the monthly account. All leading Industrials gained as did Banks and Insurances. Financials were narrowly mixed with Sifa marginally lower.

JOHANNESBURG—Gold shares were quietly weaker for the day although selective shares rose off the bottom towards the close in line with higher bullion indications. Financial Minings were mostly mixed where changed in slack trading. De Beers lost 6 cents to R5.67.

HONG KONG — The market closed slightly easier in dull and featureless trading. Hong Kong Bank fell 10 cents to $HK17.10 on light selling near the close. Hong Kong Land eased 5 cents to $HK6.70 and Hutchison was weaker. But Jardine Matheson, Swire Pacific and Wheelock Marden were firm to steady.

TOKYO—Share prices rose to this year's highest on reports the Bank of Japan would lower its official discount rate. Tokyo Stock Exchange index closed at 398.28, up 1.19 and the highest point this year. Many shares fell slightly initially following a sharp fall in Sony, down Y70 to Y1,730 on its lower first quarter profit. But later active selective buying revived the market.

AUSTRALIA—The market was generally mixed in all sectors. In Oils, BHP featured, rising a further 6 cents to $A5.64. Various sources attributed the rise to bright future oil prospects. However, although Woodside gained a cent to 75 cents in sympathy, Ampol Exploration fell 2 cents to $A1.24. In Industrials Hume gained 2 cents to 96 cents on its announcement of profits, but CSR fell five to $A2.65.

$ & £ easier

The U.S. dollar showed little change on balance in the foreign exchange market yesterday, after a fairly firm opening helped by indications of a possible settlement to the miners' strike. It touched a best level of DM2.0650 against the D-mark and Sw.Frs.1.9650 in terms of the Swiss franc.

News of Japanese measures to stem the appreciation of the yen pushed the dollar to a high point of Y235.10. The overall level of trading was very quiet however, and central banks may have taken the opportunity to push up the dollar, without having to intervene on a large scale.

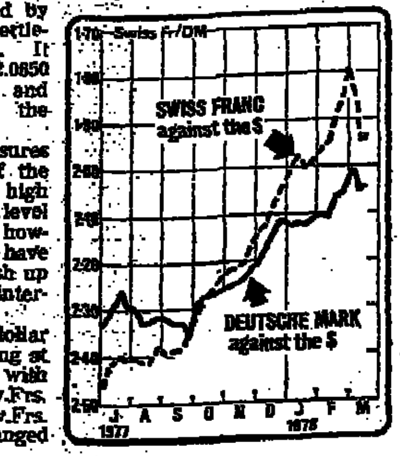
After this firm start the dollar lost ground gradually, finishing at DM2.0482½, compared with DM2.0415 previously, at Sw.Frs. 1.9355, compared with Sw.Frs. 1.9410, and at Y233, unchanged from Tuesday.

The dollar's trade-weighted index, as calculated by the Bank of England, fell to 90.2 from 90.3, while its depreciation on Morgan Guaranty figures was 5.25 per cent., compared with 5.26 per cent.

Sterling opened at $1.9030-1.9040, and fell to $1.9020-1.9030 on a general improvement by the dollar. As the U.S. currency lost ground, the pound touched a best level of $1.9080-1.9090, and then settled at around $1.9075 for the rest of the day. It closed at $1.9065-1.9075, a fall of 30 points on the day.

Sterling's trade-weighted index, according to the Bank of England, fell to 64.3 from 64.6, after standing at 64.4 at noon and 64.5 in early trading.

Gold fell $1½ to $185¼-186¼ in nervous trading.



GOLD MARKET

	Mar. 15	Mar. 14
Gold Bullion (a fine ounce)		
Close	$185¼-186¼	$187½-188½
Opening	$185¾-186¼	$187¾-188¼
Morning fix'g	$186.75 (£97.852)	$187.65 (£98.623)
Aftern'n fix'g	$186.35 (£97.642)	$188.05 (£98.610)
Gold Coins domestically		
Krugerrand	$191¾-193¾ ($100¼-101¼)	$193¾-195¾ (£101¼-102¼)
New Sov'gns	$56½-58½ (£29¾-30¾)	$56¾-58¾ (£29¾-30¾)
Old Sov'gns	$59¼-61¼ (£31-32)	$59¼-61¼ (£31-32)
Gold Coins (Internat'ly)		
Krugerrand	$191¾-193¾ (£100½-101½)	$193¾-195¾ (£101¼-102¼)
N'w Sov'gns	$56½-58½ (£29¾-30¾)	$56¾-58¾ (£29¾-30¾)
Old Sov'gns	$59¼-61¼ (£31-32)	$59¼-61¼ (£31-32)
$20 Eagles	$298-301	$297-300

FOREIGN EXCHANGES

Mar. 15	Bank Rates %	Day's Spread	Close
New York	6½	1.9020-1.9090	1.9065-1.9075
Montreal	6	2.1375-2.1480	2.1400-2.1410
Amsterdam	4½	4.16½-4.21	4.17-4.18
Brussels	6½	60.60-61.15	60.70-60.80
Copenhagen	9	10.75-10.80	10.75½-10.76½
Frankfurt	3	3.90-3.94½	3.90½-3.91½
Lisbon	13	77.75-79.00	77.85-78.30
Madrid	8	152.60-153.20	152.75-152.90
Milan	11½	1,625½-1,445½	1,637½-1,638½
Oslo	8	10.18-10.26	10.18½-10.19½
Paris	9½	9.00-9.06	9.00½-9.01½
Stockholm	8	8.81½-8.88	8.82-8.83
Tokyo	3½	442-452	444-446
Vienna	5½	28.05-28.35	28.08-28.18
Zurich	1	3.68½-3.75½	3.68½-3.69½

‡ Rates given are for convertible francs, Financial franc 60.65-60.85.

OTHER MARKETS

			Notes Rates
Argentina	1.332-1.337	Argentina	1390-1400
Australia	1.6710-1.6679	Austria	27½-28½
Brazil	31.12-32.12	Belgium	60-61½
Finland	7.8910-8.0140	Brazil	35-40
Greece	69.461-71.111	Canada	2.15-2.17½
Hong Kong	8.78½-8.81	Denmark	10.70-11.0
Iran	130-138	France	8.95-9.10
Kuwait	0.525-0.535	Germany	3.85-4.00
Luxemb'rg	60.70-60.80	Greece	65-74
Malaysia	4.4670-4.5000	Italy	1580-1680
N. Zealand	1.8627-1.8775	Japan	440-455
Saudi Arab	6.54-6.64	Netherl'nd	410-420
Singapore	4.4035-4.4170	Norway	10.10-.50
S. Africa	1.6456-1.6604	Portugal	72-81
U.S.		Spain	150-155
Canada		Switz'land	3.65-3.75
CSL		U.S.	1.89½-.92
U.S. cents	89.06-89.08	Yugoslavia	56-57½

Rate given for Argentina is a free rate.

CURRENCY RATES

	Special Drawing Rights March 15	European Unit of Account March 15
Sterling	0.642086	0.651910
U.S. dollar	1.22465	1.24310
Canadian	1.37653	1.39766
Austria sch.	18.1095	18.3705
Belgian franc	39.1459	39.7355
Danish krone	6.91192	7.02550
Deutschem'rk	2.51446	2.55435
Dutch guilder	2.68566	2.72945
French franc	5.79382	5.88890
Italian lira	1052.04	1068.63
Japanese yen	286.201	289.808
Norway krone	6.57025	6.66368
Spain peseta	98.0981	99.6253
Swedish krone	5.68115	5.76295
Swiss franc	2.38684	2.41774

EXCHANGE CROSS-RATES

Mar. 15	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.050-052	43.26-35	6.33-44	3.905 915	95.60-70	105.60-70
New York	48.77-82	—	21.16-28	3.14-15	1.9040-50	46 62 72	51.60 68
Paris	230.21-71	4.725-737	—	14.803-838	9.019-039	215.62-6.12	243.15-65
Brussels	15.63-67	31.90 95	6.73-75	—	60.83-99	14.54-58	16.39-45
London	3.904-914	1.9065-75	9.003-013	60.70-80	—	4.17-18	3.682-693
Ams'dam	106.79-84	2.191-194	46.36.41	6.856-861	4.182-187	—	112.78-85
Zurich	94.718 865	1.940-942	41.025 102	6.086-097	3.701-706	88.638-840	—

U.S. $ in Toronto U.S. $ = 112.26 28 Canadian cents
Canadian $ in New York = 89.05-89.07 cents. U.S. $ in Milan 858.30-859.20
Sterling in Milan 1637.60-1639.25

EURO-CURRENCY INTEREST RATES*

Mar. 15	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilders	Swiss franc	W. German mark
†Short term	6⅝-6⅞	6¼-7¼	6¾-7	5-5¼	⅛-⅜	3⅜-3⅝
7 days notice	6¾-7	6¼-7¼	6¾-7	5-5¼	⅛-⅜	3⅛-3⅜
Month	6½-6⅞	7-7⅜	6⅞-6¾	4⅞-5⅛	⅛-½	3¼-3⅜
Three months	7⅛-7½	7¼-7⅝	7-7¼	4⅞-5⅛	⅜-⅞	3¼-3⅜
Six months	7⅝-8	7⅜-7⅝	7⅜-7⅝	4¾-5	¾-⅞	3¼-3⅜
One year	7⅞-8¼	7¾-8⅛	7⅝-7⅞	5⅛-5⅜	1⅛-1⅜	3¼-3⅜

Euro-French deposit rates: two-day 10½-10¾ per cent.; seven-day 10½-10¾ per cent.; one-month 10-10½ per cent.; three-month 9½-10½ per cent.; six-month 10½-10¾ per cent.; one-year 11½-11¾ per cent.

Long-term Eurodollar deposits: two years 7¹⁵⁄₁₆-8¹⁄₁₆ per cent.; three years 8¹⁄₁₆-8³⁄₁₆ per cent.; four years 8³⁄₁₆-8⁵⁄₁₆ per cent.; five years 8⁵⁄₁₆-8⁷⁄₁₆ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 7.00-7.10 per cent.; three-month 7.05-7.15 per cent.; six-month 7.30-7.40 per cent., one-year 7.65-7.75 per cent.

* Rates are nominal calling rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars two days' notice for guilders and Swiss francs.

FORWARD RATES

	One month	Three months
New York	0.06 pm-0.04 dis	0.12-0.02 c.pm
Montreal	0.08-0.18 c.dis	0.15-0.25 c. dis
Amst'dam	7⁄8-⅛ dis	2⅝ 1⅝ c. pm
Brussels	5 c.pm-5 c.dis	20-10 c. pm
Cop'nhgn.	6¼-8¼ ore dis	17½ 19½ ore dis
Frankfurt	1½-½ pf. pm	4⅝-3⅝ pf. pm
Lisbon	70-180 c. dis	370-600 c. dis
Madrid	70-150 c. dis	250-330 c. dis
Milan	9-14 lire dis	27-35 lire dis
Oslo	5¼-7¼ ore dis	15-16 ore dis
Paris	2½-3½ c. dis	6 7 c. dis
Stckho'lm	1½-3½ ore dis	4½-6½ ore dis
Vienna	par-10 gro-dis	7-17 gro dis
Zurich	2½-1½ c. pm	6¾-5¾ c. pm

Six-month forward dollar 0.25-0.15c pm, 12-month 0.55-0.45c pm.

Indices

NEW YORK - DOW JONES

	Mar. 15	Mar. 14	Mar. 13	Mar. 10	Mar. 9	Mar. 8	1977-78 High	1977-78 Low	Since compilat'n High	Since compilat'n Low
Industrial	758.58	762.56	759.86	758.58	750.80	750.87	999.75 (3/1/77)	742.12 (28/2/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	89.90	89.87	89.86	89.72	89.56	89.54	93.87 (1/9)	89.55 (25/1/78)	—	—
Transport	205.29	205.10	201.40	201.68	199.51	200.14	246.64 (18/5)	199.31 (9/3/78)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.50	106.15	106.43	105.82	105.62	105.41	118.67 (22/2/77)	102.84 (22/2/78)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's †	25,540	24,300	24,070	27,090	21,820	22,050	—	—	—	—

* Basis of index changed from August 24.

	Mar. 10	Mar. 3	Feb. 24	Year ago (approx.)
Ind. div. yield %	6.14	6.22	6.14	4.43

STANDARD AND POORS

	Mar. 15	Mar. 14	Mar. 13	Mar. 10	Mar. 9	Mar. 8	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
‡ Industrials	97.98	98.33	97.84	97.76	96.64	96.58	113.52 (3/1/77)	95.52 (6/3/78)	134.64 (11/1/73)	3.52 (30/6/32)
‡ Composite	89.12	89.35	88.95	88.88	87.89	87.84	107.00 (3/1/77)	86.90 (6/3/78)	125.85 (11/1/73)	4.40 (1/6/32)

	Mar. 8	Mar. 1	Feb. 22	Year ago (approx.)
Ind. div. yield %	5.55	5.57	5.47	4.17
Ind. P/E Ratio	8.46	8.40	8.45	10.45
Long Govt. Bond yield	8.20	8.25	8.27	7.76

N.Y.S.E. ALL COMMON

Mar. 15	Mar. 14	Mar. 13	Mar. 10	1977/78 High	1977/78 Low
49.65	49.75	49.54	49.49	57.07 (4/1/77)	48.37 (6/3/78)

Rises and Falls

	Mar. 15	Mar. 14	Mar. 13
Issues traded	1,857	1,843	1,842
Rises	672	803	788
Falls	715	535	600
Unchanged	470	505	454
New Highs	45	28	38
New Lows	28	24	19

		Mar. 15	Mar. 14	Mar. 13	Mar. 10	1977-78 High	1977-78 Low
MONTREAL	Industrial	169.74	168.86	168.85	168.09	186.47 (17/3)	158.02 (25/10)
	Combined	177.84	177.18	176.82	176.35	187.96 (19/1/77)	165.89 (25/10)
TORONTO	Composite	1058.4	1054.1	1051.7	1039.2	1067.4 (19/7)	961.0 (26/10)
JOHANNESBURG	Gold	205.2	207.9	202.0	205.8	216.7 (1/2/78)	151.4 (24/8)
	Industrials	195.8	194.9	194.9	196.4	214.4 (4/1/78)	184.1 (22/4)

	Mar. 15	Previous	1977-78 High	1977-78 Low
Australia (§)	446.66	446.27	479.43 (3/1/78)	418.85 (16/2/77)
Belgium (‡)	93.58	93.29	99.12 (10/1/77)	90.43 (12/1/78)
Denmark (**)	96.73	96.96	107.92 (9/6)	94.00 (6/2/78)
France (††)	56.7	55.2	58.4 (7/1/77)	43.6 (10/6)
Germany (‡‡)	729.6	799.0	815.3 (17/11)	712.5 (10/5/77)
Holland (§§)	78.1	77.9	85.2 (4/5)	75.6 (29/9)
Hong Kong (¶¶)	416.42	420.65	425.17 (11/6)	383.44 (13.1.78)
Italy (‖)	62.05	61.66	73.71 (6/1/77)	54.90 (22/12)
Japan (a)	396.28	397.09	396.28 (15/3/78)	350.49 (24/11)
Singapore (b)	275.50	—	275.41 (13/3/78)	242.28 (3/5)
Spain (d)	88.62	88.78	100.00 (30/12)	88.62 (15/3/78)
Sweden (e)	367.45	368.02	416.68 (22/3)	286.68 (24/11)
Switzerl'd (f)	294.1	289.8	323.7 (14/2/78)	280.6 (14/3/77)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Close. (d) Madrid SE 30/12/77—high and low for 1978 only. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. at $2.60 to £—95½% (95¼%)
Effective rate (at 1.9070) 43¾% (43¾%)

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♠ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY ♦

Mar. 15	Price Dm.	+ or —	Div. %	Yld. %
AEG	87	−0.1	—	—
Allianz Versich.	475	−13.5	18	1.9
BMW	224	−2	20	4.4
BASF	137	−0.6	17	6.2
Bayer	137.1	−0.9	16	—
Bayer-Hypo	282	−2	20	3.6
Bayer Vereinsbk	317	−3.5	20	3.2
CibaInt.Ned.wrts	185	+8	—	—
Commerzbank	229.6	−1.5	18	3.9
Conti Gummi	75.3	−0.8	—	—
Daimler Benz	302	−4	19	3.2
Degussa	268.5	−2.5	17	3.2
Demag	155.5	−3.5	14	4.5
Deutsche Bank	3[illegible]5.5	−1.6	20	3.2
Dresdner Bank	247.5xd	−1	20	4.0
Dyckerhoff Zem't	145		4	1.4
Gutehoffnung	198.5	−3.5	12	3.0
Hapag Lloyd	112.5	−0.5	12	5.2
Harpener	266	−2	9	3.4
Hoechst	129	+0.2	16	6.1
Hoesch	45	−0.2	4	4.4
Horten	120.5	−1.5	10	4.2
Kali und Salz	146	−3.5	9	3.1
Karstadt	294.5	−2.5	20	3.4
Kaufhof	201	−3.2	20	5.0
Klockner Dm 100	92.2		—	—
KHD	173	−2	12	3.4
Krupp	96.5		—	—
Linde	257	−2.5	16	3.4
Lowenbrau 100	1,500	+20	20	1.3
Lufthansa	106	−2	7	3.3
MAN	185	−4	12	3.2
Mannesmann	167.5	−0.8	14	4.2
Metallges	213.9	+0.9	10	2.4
Munchener Ruck	515	+5	18	1.8
Neckermann	108.5	−1.5	—	—
Preussag DM 100	107.5	−0.6	—	—
Rhein West. Elect.	167.2xr	−1.8	16	4.3
Schering	243	−3.1	20	4.1
Siemens	288.5	−2.6	16	2.8
Sud Zucker	246	−3	17	3.5
Thyssen A.G.	124.7	−0.6	11	4.4
Varta	173	−4	14	4.0
VEBA	105.5	−10.8	12	5.7
Verein-&West.Bk.	305	−2	18	2.9
Volkswagen	208.2	−3.9	10	2.4

AMSTERDAM

Mar. 15	Price Fls.	+ or —	Div. %	Yld. %
Ahold (Fl.20)	99		a21	5.6
Akzo (Fl.20)	21.6	+0.1	—	—
Algem Bnk (Fl.100)	346	+1	A25.5	6.8

[illegible]

COPENHAGEN ♣

[illegible]

VIENNA

[illegible]

TOKYO ¶

Mar. 15	*Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	321		14	2.2
Canon	462	+3	12	1.3
Casio	680	−32	25	2.2
Chinon	385	−6	20	2.6
Dai Nippon Print	529		18	1.7
Fuji Photo	565	−5	15	1.3
Hitachi	226	+5	12	2.7
Honda Motors	567	+1	18	1.6
House Food	1,250	+10	35	1.4
C. Itoh	217	+3	12	2.8
Ito Yokado	1,27[illegible]	+3[illegible]	30	1.2
Jaccs	6[illegible]2	+2	15	1.0
J.A.L.	2,820	+20	—	—
Kansai Elect. Pw.	1,130	+40	10	4.4
Komatsu	321	−1	18	2.8
Kubota	281	+1	15	2.7
Kyoto-Ceramic	3,870	−10	35	0.5
Matsushita Ind.	641	−2	20	1.6
Mitsubishi Bank	279	−1	10	1.8
Mitsubishi Heavy	147	+4	12	4.1
Mitsubishi Corp.	41[illegible]	+2	13	1.6
Mitsui & Co.	309	+1	14	2.3
Mitsukoshi	504	−2	20	2.0
Nippon Denso	1,280	+20	15	0.6
Nippon Shinpan	690	+3	12	0.9
Nissan Motors	796		16	1.0
Pioneer	1,550	−30	48	1.5
Sanyo Electric	218	−3	12	2.8
Sekisui Prefab	860	+4	30	1.7
Shiseido	1,1[illegible]		20	0.9
Sony	1,73[illegible]	−70	40	1.2
Taisho Marine	256		11	2.1
Takeda Chemical	314	−6	15	2.4
TDK	1,68[illegible]	+10	30	0.9
Teijin	118	−1	10	4.2
Tokio Marine	515	−4	11	1.1
Tokio Elect Pow'r	1,170		8	3.4
Tokyo Sanyo	275	−6	12	2.2
Tokyo Shibaura	140	+2	1	3.6
Toray	127	−1	10	3.9
Toyota Motor	950	−1	2	1.1

Source Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG

Mar. 15	Price Frs.	+ or —	Div. Frs. Net	Yld. %
Arbed	2,310	−10	—	—
Bq. Brx. Lamb.	1,402	−16	60	4.3
Bekaert "B"	1,750		112	6.4
C.B.R. Cement	1,264		90	7.1
Cockerill	348	−4	—	—
EBES	2,355	−5	177	7.5
Electrobel	6,060	+10	460	7.1

[illegible]

SWITZERLAND ♠

[illegible]

MILAN

[illegible]

AUSTRALIA

Mar. 15	Aust. $	+ or —
ACMIL (25 cents)	†0.65	−0.03
Acrow Australia	†0.85	−0.04
Allied Mnt-Trdg. Inds. $1	†2.16	
Ampol Exploration	†1.23	−0.02
Ampol Petroleum	†0.71	
Assoc. Minerals	†0.75	−0.02
Assoc. Pulp Paper $1	†1.07	−0.01
Assoc. Cons. Industries	†1.60	+0.02
Aust. Foundation Invest	†0.85	+0.02
A.N.I.	†1.35	
Audimco	†0.53	
Aust. Oil & Gas	†0.36	+0.01
Blue Metal Ind.	†1.00	
Bougainville Copper	†1.06	+0.01
Broken Hill Proprietary	†5.60	+0.02
BH South	†0.76	
Carlton United Brewery	†1.75	−0.16
C. J. Coles	†1.90	+0.01
CSR ($1)	†2.63	−0.05
Cons. Goldfield Aus.	†2.40	−0.10
Container ($1)	†2.10	
Conzinc Riotinto	†1.88	+0.03
Costain Australia	†1.30	
Dunlop Rubber ($1)	†1.35	
ESCOR	†1.02	−0.01
Elder Smith	†1.56	
E.Z. Industries	†1.73	−0.01
Gen. Property Trust	†1.30	+0.05
Hamersley	†1.95	−0.14
Hooker	†0.72	+0.01
I.C.I. Australia	†2.08	
Inter-Copper	—	
Jennings Industries	†1.13	+0.01
Jones (David)	†1.00	+0.01
Lennard Oil	†0.25	
Metals Exploration	†0.13	+0.01
MIM Holdings	†1.67	
Myer Emporium	†1.68	+0.02
News	†2.15	
Nicholas International	†0.88	
North Broken H'dings (50c)	†1.06	+0.03
Oakbridge	†1.77	
Oil Search	†0.08	
Otter Exploration	†0.16	−0.01
Pioneer Concrete	†1.39	
Reckitt & Colman	†2.60	
H. C. Sleigh	†1.75	−0.02
Southland Mining	†0.19	
Spargos ($1)	†1.70	
Waltons	†0.64	
Western Mining (50 cents)	†1.19	+0.07
Woolworths	†1.47	

PARIS

[illegible]

STOCKHOLM

[illegible]

BRAZIL

Mar. 15	Price Cruz	+ or —	Div. Cruz	Yld. %
Acesita	1.46		.14	9.11
Banco Brasil PP	4.30	−.05	.17	3.95
Banco Itau PN	1.12	+0.01	.16	14.29
Belgo Mineira OP	2.16	−0.06	.12	5.56
Lojas Amer. OP	3.57	+0.05	.20	5.93
Petrobras PP	3.75	−0.05	.1	2.67
Pirelli OP	2.74	+0.09	.16	5.84
Souza Cruz OP	4.32	−0.09	.23	5.32
Unip PB	6.85	−0.05	.2	2.92
Vale Rio Doce PP	1.81	−0.04	.12	2.18

Vol. Cr.198.4m. Shares 84.3m.
Source: Rio de Janeiro SE.

OSLO

Mar. 15	Price Kroner	+ or —	Div. %	Yld. %
Bergen Bank	91.0	+0.5	9	9.9
Borregaard	57.5		4	7.0
Creditbank	106xd	+2	11	9.4
Kosmos	270		20	7.2
Kreditkassen	105	+1	11	10.5
Norsk Hydro Kr.80	180.0	+0.2	12	5.3
Storebrand	85.25		9	10.9

JOHANNESBURG

MINES

March 15	Rand	+ or —
Anglo American Corpn.	4.75	
Charter Consolidated	3.82	
East Driefontein	11.30	−0.25
Elsburg	2.25	−0.05
Harmony	6.35	−0.15
Kinross	6.25	−0.10
Kloof	7.60	−0.35
Rustenburg Platinum	1.50	+0.03
St. Helena	13.10	−0.30
Southvaal	8.15	−0.15
Gold Fields SA	19.25	−0.35
Union Corporation	4.65	−0.05
De Beers Deferred	5.65	−0.04
Blyvooruitzicht	5.30	−0.25
East Rand Pty.	6.25	−0.05
Free State Geduld	†27.50	−0.50
President Brand	17.20	−0.30
President Steyn	12.30	−0.50
Stilfontein	4.10	−0.15
Welkom	4.65	−0.10
West Driefontein	†30.75	
Western Holdings	30.50	−1.00
Western Deep	†12.30	−0.40

INDUSTRIALS

[illegible]

Securities Rand $U.S.0.79¼
(Discount of 30.9%)

SPAIN ♥

[illegible]

FARMING AND RAW MATERIALS

Wheat pact negotiations deadlocked

AFTER FOUR weeks of talks and with less than two more weeks to go, negotiations on a new International Wheat Agreement are deadlocked, reports AP-Dow Jones from Geneva.

Officials now consider it unlikely that a package can be agreed without a further round of negotiations before the present pact expires on June 30.

As expected, the impasse mainly involves the Common Market on one side and the U.S. supported by Canada and other big wheat-growing nations on the other. The gulf between the two sides has deepened during the negotiations, according to some participants.

The European Community is adamant that an agreement to stabilise wheat prices should be tied to similar arrangements for coarse grains, such as maize that compete in some uses with wheat.

The EEC also wants fixed maximum and minimum prices for grains to be defended by international action.

The U.S., Canada and others reject the link with coarse grains, arguing that these are used heavily for animal feed and thus have different problems.

The U.S. places most stress on the use of international reserve stocks of wheat, to which the EEC doesn't object. Washington, however, wants only to stabilise prices within a movable range that would be tied to market levels.

They contend that fixed prices could prove impossible to defend and lead to the collapse of an agreement, as was the case with a previous wheat agreement.

Brazil soya market at standstill

By Sue Branford

SAO PAULO, March 15.

THE BRAZILIAN soya market has been at a standstill since last Thursday when Cacex, the Banco do Brasil's export department, imposed a series of controls over exports of beans and meal.

Under the new system the exporter has to submit to Cacex his sales proposal, giving the price, quantity and destination of the product. Cacex gives its reply after 48 hours.

Exporters are complaining that this scheme is excessively bureaucratic, as importers generally refuse to wait so long. However, it is unlikely that the system will be changed before the next Cacex meeting on March 29.

The ban on oil exports, imposed on March 3 is also likely to continue, at least until the Cacex meeting.

Farm prices row splits European Parliament

BY MARGARET VAN HATTEM

STRASBOURG, March 15.

THE EUROPEAN Parlament was deeply divided to-day on the question of EEC farm price increases for 1978-79.

A vote will be taken on a report by the Parliament's agriculture committee, which has recommended a 5 per cent. increase—a figure for which European farmers' organisations have been lobbying vigorously.

This compares with the EEC Commission's proposal for an average 2 per cent. rise.

Mr. Finn Olaf Gundelach, the EEC Agriculture Commissioner, to-day told the Parliament that the agriculture committee's recommendation was "utter folly. A 5 per cent. increase would cost the Community 300m. units of account more over 12 months than the Commission's proposals.

It would fuel inflation, increase production of those commodities of which the Community already has an embarrassing surplus, and further widen the gaps between rich and poor farmers' incomes.

The committee had recognised this in its report, and its recommendation of a 5 per cent. increase was thus revealed as mere political shadow-boxing.

In to-morrow's vote, the Socialist bloc, which supports the Commission's proposals, is expected to oppose the recommendation, as are the Communists and most of the Conservatives.

The Christian Democrats, together with the Liberals and Gaullists, are expected to vote for a 5 per cent. increase.

Whether they will command a majority may depend largely on the number of absentees—expected to be high on both sides.

Either way, though, the majority wil probably be too small to allow members of the Farm Ministers' Council to use the vote in support of their arguments during the annual farm price review next month.

Since the vote is unlikely to affect the ultimate outcome, there is little incentive for members of Parliament to try to reach a compromise. In many cases, though, there is a good deal of local political mileage to be got from holding to a hard line.

This could lead to a repetition of last year's debate on farm prices, when members failed to resolve their difference and Parliament had to report to the Council of Ministers that it could not present an opinion.

The ironies of the proceedings were underlined to-day by Mr. Mark Hughes (Lab., Durham) who, as *rapporteur* for the agriculture committee, opened the debate by presenting the report, but declared from the outset that he rejected its recommendations.

Reuter reports: Mr. Gundelach told the European Parliament that the Commission was not considering imposing a tax on U.S. sales of soyabean meal and oils to the EEC.

He said that the EEC's open-door policy on its imports of oils and oilseeds would continue, in spite of the fact that these were in direct competition with European produced animal proteins.

He said that an import tax would clash directly with the Common Market's treaty obligations under GATT and would mean it would have to grant industrial concessions of between 600m. and 800m. units of account as compensation to countries whose agricultural products were hit.

"It can hardly see where that money could be found in the current circumstances," he added.

EEC lamb policy faces problems

BY OUR COMMODITIES EDITOR

ANY COMMON sheepmeat policy agreed by the EEC would have to operate in a market with very wide differences between various member States, the Meat and Livestock Commission said in its latest quarterly market survey issued yesterday.

There was a great diversity in sheepmeat trends, structure, prices and the meat's relative importance in the various EEC countries. This highlighted the need for a relatively long period of transition if a significant degree of harmonisation was envisaged.

Community sheepmeat production was forecast to rise by 4 per cent. this year to 523,000 tonnes, with Britain the biggest producer (233,000), followed by France (156,000) and Ireland a long way behind at 38,000 tonnes.

EEC consumption of sheepmeat was expected to show a slight rally this year, following a gradual fall since 1970 as a result of a decline in U.K. demand not being completely offset by increases in other EEC countries.

U.K. consumption per capita in 1977 at 7.3 kilos was about a third less than in 1960, while in France it increased by almost half over the same period to 3.9 kilos.

The price of lamb in the U.K. was about 45 per cent. lower than in France, and barely more expensive than beef, while in France the luxury image of lamb meant that it was much dearer than beef.

The report said that exports of sheepmeat from Britain were expected to show little change this year after rising substantially in 1977 to 44,600 tonnes—11,900 tonnes more than in 1976.

U.K. output was expected to show a small increase, but exports to France might fall because of higher import duties and the possibility of the French market being closed for a longer period than in 1977.

Pigmeat production in the U.K. was expected to fall sharply this year. Pork output was forecast to decline by 48,000 tonnes to 600,000 tonnes and bacon and ham by 19,000 to 200,000 tonnes.

This was in sharp contrast with the rest of the world, where output was predicted to rise by another 4 per cent. this year, after reaching record levels in some major producing countries last year.

World beef production was expected to show a further small decline this year, but EEC output would stabilise after falling by 4 per cent. in 1977.

In Britain, beef cow numbers were forecast to fall by 5 per cent.; but beef and veal output was expected to remain much the same at 1m. tonnes.

China 'making cashmere dearer'

ROME, March 15.

ITALIAN TEXTILE dealers claim that China, the world's major producer of cashmere wool, has been withholding production from the market to boost prices.

The Italian market price of cashmere has reached L42,400 a kilo, a dealers' association said—almost four times higher than a year ago.

AP-Dow Jones

Copper leads rise in metals

By John Edwards, Commodities Editor

COPPER LED a general rise in prices on the London Metal Exchange yesterday.

The upward trend was prompted by the latest developments in the Middle East and hopes of an end to the U.S. coal strike.

Sentiment in the copper market was also affected by rumours of a possible domestic price rise by one of the leading U.S. producers and suggestions that Zambia might have to reduce its deliveries by 25 per cent. because of transport problems and the proposed 15 per cent. production cut.

Cash wirebars closed £13.25 up at £669.75 a tonne.

Lead and zinc took their cue from copper, advancing strongly in active dealings. Cash lead gained £6.25 to £314 a tonne and cash zinc £6.75 to £269.5 a tonne.

Tin was more subdued in quiet trading conditions, still overshadowed by the possibility of U.S. stockpile releases. Cash tin closed £10 higher at £6,035 a tonne.

Sugar market recovery

By Our Commodities Staff

WORLD SUGAR prices turned upwards yesterday, ending the recent sustained decline.

The London daily price, which had lost £12 in the previous seven trading days, was fined £3 higher at £97 a tonne. On the futures market the August position climbed to £105.5 a tonne before closing £2.075 higher on the day at £104.175 a tonne.

Dealers thought the rally was partly due to a technical reaction against the decline, which many thought had been overdone, and partly to reports of U.S. refiner buying. They saw the result of yesterday's weekly EEC export tender, where 28,500 tonnes of white sugar were authorised for export, as "neutral."

INDIAN SILVER EXPORTS TO FALL

NEW DELHI, March 15.

India's silver exports in the fiscal year ending March 31 were likely to total about 580 tonnes, short of the export quota of 900 tonnes set for the year and lower than the previous year's exports of 1,655 tonnes, the Economic Times newspaper reported, quoting official sources.

The reason for the expected reduction is that domestic Indian and world prices have moved closer, cutting profits from exports, the report said.

Reuter

COMMON AGRICULTURAL POLICY

Now even France talks of reform

BY CHRISTOPHER PARKES

STRANGE THINGS are happening in Common Market agri-political circles.

Ten days ago we saw M. Pierre Mehaignerie, the French Minister of Agriculture, not only supporting Mr. John Silkin, but actually taking over the British Minister's role as leading battler in the fight to change the formula which gives the Danes and Dutch such advantageous subsidies on their pigmeat exports.

This week we have heard a promise from the alliance of the Left in France that if they win power in the second round of the general elections this weekend, they will revive the debate in Brussels on reform of the Common Agricultural Policy.

Think of the traumas for a British Minister, after all these years of banging his head against a wall of French resistance, "palling-up" and forming an alliance with Paris.

It is worth considering too the enormous job of re-education which will have to be undertaken among French civil servants. They could pick up considerable help from the latest Economic Policy Review, due to be published at the end of the month by the Cambridge Department of Applied Economics.

Biased

Chaper five, despite its title —The Direct Costs to Britain of Belonging to the EEC—is devoted largely to a detailed comparison of the main methods available to developed countries wishing to protect their agricultural industries.

Strongly biased towards the U.K. system of deficiency payments, it appears to offer some valuable alternatives to the Community's interventionist system which, while admittedly making some grain growers rich beyond their wildest pre-CAP dream has done little to relieve the vast bulk of French farmers of their burdensome "peasant" image and way of life.

The Cambridge economists responsible for the chapter lay out the first principles of the main farm support systems with welcome clarity.

"Under one method, consumers pay for food at world market prices with the Government making up domestic farm incomes by deficiency payments. Under the other, consumers maintain farm incomes directly by themselves paying the higher prices. In this case lower-priced imported food has to bear a levy."

The Common Agricultural Policy, however, was neither one nor the other. The deficiency payments policy was funded mainly by the general taxpayer, while the "high-price" policy was financed almost wholly from the domestic budget of the food consumer.

The CAP was paid for by high consumer prices and also by heavy contributions from the general taxpayer via the Community farm fund.

The Community Budget was used for paying direct and indirect grants to farmers, export subsidies, or buying-in excess supplies of farm produce

"In other words, the high consumer prices simultaneously discourage consumption and encourage production; as supply then exceeds demand, the taxpayer must finance removal from the market of such excess supplies by intervention, storage, destruction or subsidised sales abroad," the policy review says.

COMMUNITY AND WORLD PRICES OF MAIN FARM COMMODITIES

	Community* 1978 price £	World spot price £
Wheat	105	85
Barley	99	75
Maize	99	70
Raw sugar	219	160
Refined sugar	256	200
Butter	1,630	900

* Assuming acceptance of EEC Commission price increase proposals for 1978. Conversion rate £1=1.58 units of account.

Source: Economic Policy Review No. 4

Debate

"Thus, the fact that there are net payments out of the farm budget means that, taking the Community as a whole, farmers gain at the expense *both* of the consumer *and* (though to a less extent) of the general taxpayer."

So far, the debate on this view of the management of the CAP has been almost entirely restricted to the British Press and political circles. It would be useful for all concerned if it could be launched inside France, where the holy writ of the basic principles of the CAP has been for so long adhered to by a seemingly uncritical administration, accepted as gospel by a large proportion of the farming community and imposed on an uncomplaining and largely uneducated consuming public.

Weather hits Mexican coffee

MEXICO CITY, March 15.

MEXICO'S 1977-78 coffee harvest could be as low as 3.2m. bags (60 kilos each) and export availability only 1.5m. bags, according to Sr. Fausto Cantu Pena, director of the Mexican Coffee Institute.

In 1977 Mexico exported 1.94m. bags.

Sr. Cantu Pena said Mexico currently holds about 800,000 bags of coffee which would be available for export but for the sales suspension agreed in San Salvador last week.

The eight countries which met in San Salvador held between them 4,122,731 bags of export coffee, he added. Mexico, Guatemala, Costa Rica, Nicaragua, Honduras, E. Salvador, the Dominican Republic and Venezuela attended the meeting.

Sr. Cantu Pena said the Mexican coffee harvest was coming in very slowly because of adverse weather, and might not be completed until May.

Harvest estimates range between 3.2m. bags and 3.9m. bags. Experience showed that when the harvest was late it was also light, the Coffee Institute president stated.

In 1977 demand for the produce of the other milds group of coffee producers was some 14m. bags, he added. Export availability was about 12m. bags and the shortfall was made up from stocks.

This year production would be about 15 per cent. down, he said, adding that U.S. Department of Agriculture estimates of production were between 15 and 20 per cent. too high.

Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Firmer on the London Metal Exchange with sentiment improved by prospects of an early end to the U.S. coal strike and trading stimulated by rumours of a Phelps Dodge price rise and a Zambian declaration of force majeure. Forward metal started at £681

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	668-.5	+17.5	669.5-70	+15.2
3 months	682-.5	+18	684-.5	+14
Settl'm'nt	668.5	+17.5	—	......
Cathodes				
Cash	659-.5	+18.2	659.5-60.5	+15.5
3 months	672.5-3	+18	674.5-5	+14.5
Settl'm'nt	659.5	+18	—	......
U.S. Smt.	—	......	60-61.5	......

and although it quickly fell to £678 on back pricing sales, moved up to £686 before running into profit-taking after the Comex opening. But the market recovered from £682 to a close on the Kerb of £686. Turnover 29,925 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £668.5, three months £678, 79, 9.5, 80, 81, 82, 81, 1.5, 82, 2.5. Cathodes: Three months £672.5. Kerb: Wirebars, three months £683, 4, 5, 4, 4.5, 4, 5, 5.5. Afternoon: Wirebars, cash £669.5, three months £682, 2.5, 3, 4, 3.5, 4. Cathodes, three months £674.5. Kerb: Wirebars, three months £685, 4.5, 5, 5.5, 6.

TIN—Steady as forward metal rose from £5,960 to £6,045 following the stable price in the East overnight, buying against European demand and bear covering. But hedge selling against Eastern purchases and bear selling in a thin market reduced the price to £5,960 before fresh demand on U.S. physical business led to a close of £5,980 on the Kerb. Turnover 910 tonnes.

Morning: Standard, cash £6,075, 70, 60, three months £6,030, 35, 30, 25. High Grade, three months £6,035. Kerb: Standard, three months £6,040, 35, 40, 45. Afternoon: Standard, cash £6,035, three months £6,030, 15, 20, £6,000, £5,990, 95, £6,000. Kerb: Standard, three months £5,980, 70, 65, 60, 65, 70, 80.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6065-70	+50	6030-40	+10
3 months	6025-40	+52.5	6000-15	+15
Settlem't	6070	+50	—	......
Standard				
Cash	6065-70	+50	6030-40	+10
3 months	6025-30	+52.5	6000-5	+15
Settlem't	6070	+50	—	......
Straits E.	‡51880	......	—	......
New York	—	......	—	......

LEAD—Gained ground as short-covering and fresh buying against a background of improved sentiment pushed forward metal up from £311 to £318 before profit-taking clipped gains. Thereafter the price moved between £315 and £319; closing on the Kerb near the high at £318.75. Turnover 7,080 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	312.5-3	+7.12	313.5-4.5	+6.25
3 months	316-.5	+7.5	317.5-8	+6.5
Sett'lm'nt	313	+7.25	—	......
U.S. Spot	—	......	33	......

Morning: Cash £313.5, 13, 12.5, 12.25, 12, 12.5, three months £315, 16.5, 17, 17.5, 17, 18, 17.5, 17, 16.5, 16. Kerb: Three months £317, 16.5, 17, 17.5. Afternoon: Three months £316, 16.5, 17, 17.5. Kerb: Three months £318, 18.5, 19.

ZINC—Very steady after forward metal had moved up from £264 to £269. Short-covering and some demand for nearby metal which narrowed the contango, thus aiding sentiment, kept the price around £270 and allowed it to close on the Kerb at the day's high of £271. Turnover 7,850 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Cash	267.5-8.5	+5.75	269-70	+6.75
3 months	268-.5	+5.5	270-1	+7
S'ment	268.5	+5	—	......
Prm. West	—	......	29	......

Morning: Cash £267, 68, three months £264, 65, 66, 67, 68, 69, 68.5. Kerb: Three months £269, 70. Afternoon: Three months £268, 8.5, 9, 70. Kerb: Three months £271, 70.5, 70.

* Cents per pound. † On previous unofficial close. ‡ $M per picul.

SILVER

Silver was fixed 3.2p an ounce lower for spot delivery in the London bullion market yesterday, at 284.7p. U.S. cent equivalents of the fixing levels were: spot 542.9c, down 5c; three-month 552.4c, down 5.1c; six-month 562.3c, down 5.8c; and 12-month 584.1c, down 5.2c. The metal opened at 284.3-285.3p (543¼-544c) and closed at 284-285p (542-543½c).

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. close	+ or —
Spot	284.7p	—3.2	283.8p	—4.5
3 months	289.8p	—3.3	289.05p	—4.3
6 months	295.2p	—3.85	—	......
12 months	307.1p	—3.6	—	......

LME—Turnover 149 (288) lots of 10,000 ounces. Morning: Cash 285; three months 290.3, 90.4, 90.2, 90, 90.5, 90.2. Kerbs: Three months 290.3, 90.5, 90.7. Afternoon: Three months 290.3, 90, 89.5, 89.9, 9.8, 9.5, 9.3, 9.2, 9.1, 9. Kerbs: Three months 290.7.

COCOA

Values opened lower and remained sluggish for most of the day, Gill and Duffus reported. Late short-covering rallied the market to close almost unchanged.

COCOA	Yesterday's Close	+ or —	Business Done
No. 6 C'ntr't			
March	1665.0-74.0	—45.0	1675.0-1618
May	1681.0-82.0	—15.75	1900.0-1650
July	1612.0-15.0	—12.50	1637.5-1,93
Sept.	1777.0-79.5	—25.75	1800.0-1750
Dec.	1720.0-21.0	—30.75	1740.0-17.1
March	1685.0-89.0	—55.00	1690.0-1670
May	1685.5-70.0	—27.5	—

Sales: 4,176 (11,158) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price March 14: 137.39 (131.02). Indicator prices March 15: 15-day average 141.38 (139.12); 22-day average 136.21 (135.05).

COFFEE

Robustas advanced sharply in the early part of the session, but resistance was encountered at the £1,500 level (basis May), Drexel Burnham reported. In the afternoon values eased on jobber profit-taking, but trade buying at the close boosted values to around Tuesday's final levels. Dealers saw the session as a further consolidation of the rally, which [illegible]

[illegible]

GRAINS

[illegible]

RUBBER

SLIGHTLY EASIER opening on the London physical market. Little interest throughout the day, closing inactive. Lewis and Peat reported that the Malaysia godown price was 206½ (207) cents a kilo (buyer, April).

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

JUTE

[illegible]

MEAT/VEGETABLES

[illegible] quarters 60.0 to 64.0, forequarters 37.0 to 40.0.

Veal: Dutch hinds and ends 90.0 to 98.0.

Lamb: English small 58.0 to 60.0 medium 49.0 to 57.0, heavy 40.0 to 45.0. Scotch medium 49.0 to 57.0, heavy 40.0 to 48.0. Imported frozen: NZ PL new season 45.0 to 46.0. PM new season 44.0 to 45.0. PB new season 43.0 to 44.0.

Pork: English, under 100 lbs 36.0 to 43.0. 100-120 lbs 35.0 to 42.0. 120-160 lbs 36.0 to 41.0. [illegible]

BURMA RECEIVES FISHING LOAN

RANGOON, March 15.

Denmark has agreed to lend Burma $5m. to develop its fishing industry.

The agreement was signed here by Mr. Franz Howitz, Danish Ambassador, and [illegible] Shein, Burmese deputy finance minister.

The money will be used by the State-owned Fisheries Corporation.

AP-Dow Jones

PRICE CHANGES

Prices per tonne unless otherwise stated.

	Mar. 15 1978	+ or —	Month ago
Metals			
Aluminium	£680	....	£680
Free market (cif)	$950-60	....	$955/65
Copper cash W. Bars	£669.75	+13.25	£635.74
3 months do. do.	£684.25	+14.0	£649.75
Cash Cathode	£660	+15.5	£626.5
3 months do. do.	£674.75	+14.75	£639.75
Gold Troy oz.	$186.125	—1.75	$178.875
Lead Cash	£314	+6.25	£305.5
3 months	£317.75	+6.5	£312.25
Nickel	‡	....	—
Free Market (cif)	$1.9 -2.04	+0.05	$1.85-2.0
Platinum troy oz.	£114.50	....	£106.5
Free Market	£121.15	—1.85	£120.2
Quicksilver (76lb.)	$125-30	....	$130-35
Silver troy oz.	284.7p	—3.2	255.95p
3 months	289.8p	—3.3	260.25p
Tin Cash	£6,035	+10.0	£6,287.5
3 months	£6,002.5	+25.0	£6,205
Wolfram 22.04lb. cif	$149-55	—0.5	$148-54
Zinc cash	£269.5	+6.75	£251.25
3 months	£270.5	+7.0	£254.75
Producers	$550	....	$550-600
Oils			
Coconut (Phil)	$672.5t	—7.5	$570
Groundnut	£647	....	£599
Linseed Crude (z)	$309	—1.0	$271
Palm Malayan	$600z	—10.0	$536.5
Seeds			
Copra Philip	$440w	—15.0	$395
Soyabean (U.S.)	$277.9z	—3.4	$257
Grains			‡
Barley EEC	‡	....	
Home Futures	£75.15	+0.15	£71.7
Maize			
French No. 3 Am	£100	....	£98.75
Wheat			
No. 1 Red Spring	£88.5	....	£87.25
No2 Hard Winter	‡	....	‡
English Milling	£95.50y	....	£95
Cocoa Shipment	£1,917	—16.0	£1526.5
Future May	£1,881½	—15½	£1,451.5
Coffee Future May	£1,477	—1.0	£1,507.5
Cotton 'A' Index	58.45c	+0.55	56c
Rubber kilo	48.75p	—0.25	46.25p
Sugar (Raw)	£97	+3.0	£105
Wooltops 64s kilo	272p	....	270p

Nominal. ‡ Unquoted. a Seller's quotation. c Cents a pound. v Ex-tank London-Hull. q April. t March-April. x Feb.-April. y April-June. w March-May. v April-May. z May. x Per ton.

INDICES

FINANCIAL TIMES

Mar. 15	Mar. 14	Month ago	Year ago
237.58	238.94	226.04	267.01

(Base: July 1, 1952=100)

REUTER'S

Mar. 15	Mar. 14	Month ago	Year ago
1394.4	1391.2	1403.1	1742.7

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Mar. 15	Mar. 14	Month ago	Year ago
Spot	358.69	359.95	348.39	441.92
Futures	343.42	345.74	329.40	429.83

(Average 1924-25-26=100)

MOODY'S

Moody's	Mar. 15	Mar. 14	Month ago	Year ago
Sple Commty	906.9	905.4	907.5	887.2

(December 31, 1931=100)

LONDON PALM OIL—Close: March unquoted, April 320.00-30.00, May 300.00-30.00, June 300.00-30.00, July 300.00-30.00, Aug. 300.00-30.00, Sept. 290.330.00, Oct. 290.00-330.00, Nov. 280.00-330.00. Sales Nil (same).

★

HIDES—Leeds. Firmer. Ox 31-35½ kilos 63.2p per kilo, 26-30½ kilos 51.5p. 22-25 kilos 60.1p. Light cows 53p per kilo. No calf offered.

U.S. Markets

Silver up; gold and coffee fall

GOLD CLOSED lower on trade hedge-selling and Commission House stop-loss selling. Silver ended slightly higher in nervous trading over recent tension in the Middle East, Bache reported. Coffee finished limit-down on light trade selling after an inactive physical market. Sugar was steady on continued scattered short-covering.

Cocoa—March 165.15 (164.00), May 156.25 (159.25), July 151.15, Sept. 147.55, Dec. 142.65, March 139.45, May 137.75, July 136.05. Sales: 754 lots.

Coffee—"C" Contract: March 180.75-181.00 (183.75), May 158.50-159.75 (162.50), July 143.38 asked, Sept. 137.75-139.50, Dec. 125.50 asked, March 123.00 asked, May 118.50 asked, July 117.50 asked. Sales: 980 lots.

Copper—March 59.70 (59.60), April 60.00 (59.90), May 60.50, July 61.50, Sept. 62.50, Dec. 64.00, Jan. 64.50, March 65.50, May 66.50, July 67.50, Sept. 68.50, Dec. 70.00, Jan. 70.50. Sales: 7,000 lots.

Cotton—No. 2: May 58.35-58.45 (58.49), July 59.50-59.65 (59.47), Oct. 60.35, Dec. 61.25-61.30, March 62.10, May 62.50-62.55, July 62.90-63.50. Sales: 455,000 bales.

*Gold—March 183.10 (185.50), April 183.70 (186.20), May 184.90, June 186.50, Aug. 189.00, Oct. 191.70, Dec. 194.40, Feb. 197.10, April 200.20, June 203.30, Aug. 206.30, Oct. 209.30, Dec. 212.30, Feb. unquoted. Sales: 15,200 lots.

†Lard—Chicago loose unavailable (28.62). New York prime steam 30.12 nom. (30.12 asked).

‡Maize—March 240-240½ (238), May 244-243½ (242½), July 245½-246½, Sept. 247½-248, Dec. 250½-249½, March 258-258½.

§Platinum—April 226.00-227.20 (232.50), July 230.00-231.50 (236.60), Oct. 234.00-234.30, Jan. 238.30-239.50, April 243.50-245.70, July 247.50-247.70. Sales: 2,669 lots.

¶Silver—March 540.60 (538.90), April 541.90 (540.50), May 545.50, July 553.50, Sept. 561.90, Dec. 574.20, Jan. 578.20, March 586.60, May 595.00, July 603.50, Sept. 612.10, Dec. 624.90, Jan. 629.10. Sales: 23,000 lots. Handy and Harman bullion spot: 543.60 (546.50).

Soyabeans—March 668 (667), May 677-675 (677½), July 658-652, Aug. 682-681, Sept. 634, Nov. 617-616, Jan. 625-624, March 632.

‖Soyabean Meal—March 175.50 (177.00), May 176.00-176.50 (175.50), July 177.50, Aug. 177.00-179.00, Sept. 170.00-170.50, Oct. 163.50-164.00, Dec. 164.50-165.00, Jan. 165.50, March 166.00-167.00.

Soyabean Oil—March 26.85-26.90 (26.43), May 26.05-25.95 (25.75), July 25.65-25.60, Aug. 25.35-25.30, Sept. 24.35, Oct. 23.20, Dec. 22.80-22.75, Jan. 22.65-22.60, March 22.55-22.60.

Sugar—No. 11: May 7.66-7.67 (7.67), July 8.00-8.04 (7.97), Sept. 8.25-8.26, Oct. 8.38-8.39, Jan. 8.55-8.50, March 9.15-9.22, May 9.44-9.50, July 9.65-9.69. Sales: 3,945 lots.

Tin—528.00-533.00 asked (527.00-532.00 asked).

**Wheat—March 290 (275½), May 284-288 (283½), July 282½-292, Sept. 296, Dec. 304½-306, March 310½-312.

WINNIPEG, March 15. ††Rye—May 111.00 bid (110.30), July 109.10 (108.50 bid), Oct. 108.00 bid, Nov. 106.70, Dec. 104.50.

††Oats—May 77.60 bid (77.50), July 75.10 asked (75.20 bid), Oct. 74.90 asked, Dec. 73.20 bid.

‡‡Barley—May 78.70 (78.30), July 78.50 bid (77.80 bid), Oct. 77.90 asked, Dec. 76.00.

§§Flaxseed—May 232.00 bid (232.00 bid), July 231.00 (231.00), Oct. 232.70 asked, Nov. 232.50 asked, Dec. 237.00 asked.

¶¶Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 157.15 (156.90).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime Steam f.o.b. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 ounce units of 99.9 per cent. purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 34 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ $C per tonne.

COMPANY NOTICES

ART GALLERIES

STOCK EXCHANGE REPORT

Active British Funds bought on yield considerations

Equity leaders neglected and index reacts 6.5 to 453.9

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb. 27	Mar. 9	Mar. 10	Mar. 31
Mar. 13	Mar. 30	Mar. 31	Apr. 11
Apr. 3	Apr. 13	Apr. 14	Apr. 25

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Second-line stocks provided the firm features in equity stock markets yesterday. Leading shares failed to extend the rally which had put 27 points, or 6 per cent., on the FT 30-share index over the previous eight days.

British Funds provided a firm background with widespread gains of ⅛ being taken a little further in the inter-office trade, and the Government Securities index continued its sedate rise with a gain of 0.14 to 75.96. The Government Broker again activated both tap stocks, coming on in the short Exchequer 8¾ per cent. 1983 at 96⅝ before quickly moving the price to 96¹¹⁄₁₆ and then again to 96¾.

The long tap Exchequer 10½ per cent. 1995 price was moved up to 91⅞, but the GB was not tested at this level after having been an unwilling supplier at 91¾. A good two-way business was transacted in the morning and a fair amount of switching into the long tap ensued. The short tap is estimated to be very nearly gone, and there were mixed views about the amount of long tap still to go, but the exhaustion of both to-day or tomorrow would cause no surprise. Foreign buyers were thought to have been active yesterday on yield considerations.

February's sharp swing back into surplus in the balance of trade and continued optimism about the out-turn of the month's money supply growth, due to be announced to-day, were again helpful influences. But early reports of the Israeli invasion of the Lebanon halted an attempted rally in the equity leaders which were opened lower in an extension of the soft tone overnight.

Potential equity buyers held aloof throughout the day despite progressively lower prices, and interest was centred chiefly on second-line issues. Unchanged at 10 a.m., the 30-share index was 3.1 down an hour later and the loss was extended to one of 6.5 by the close of 453.9. The tone in the afternoon weakened following the indifferent industrial production figures. Numerous modest gains were recorded in second-line equities, and rises were in a majority over falls, by 5-to-4, in all FT-quoted stocks for the seventh day running.

Corporation issues traded in slightly more brisk fashion and closed with gains extending to ½, but the occasional profit-taking sale brought Southern Rhodesian bonds back, usually by a couple of points.

Currency fluctuations continued to sway sentiment in the investment currency market and the rate improved to 97 per cent. before institutional demand faltered in the face of arbitrage offerings. Later business was more subdued and sterling's partial recovery led to a down-drift in the premium to 95¼ per cent. for a gain of only ¾ on the day. Yesterday's SE conversion factor was 0.6927 (0.6928).

Discounts resist

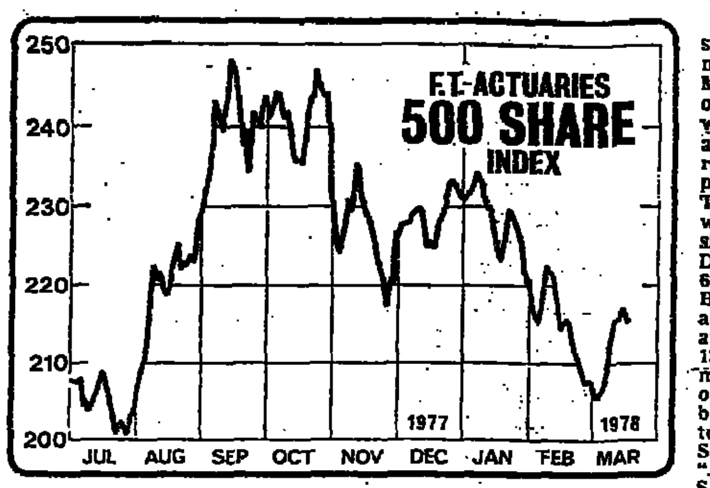
Influenced by the underlying firmness in Gilt-edged, Discount Houses resisted dullness in the Banking sector. Allen Harvey rose 10 to 480p and Cater Ryder gained 5 to 282p, while King and Shaxson, 65p, and Smith St. Aubyn, 80p, put on 3 apiece, the last-named in a narrow market. Divergent trends in the main clearers left Barclays, 325p, and Lloyds, 267p, unaltered, but NatWest 3 easier at 275p and Midland 4 off at 348p: the price published of the last-named in yesterday's Share Information Service and market report was incorrect. Noticeable against the trend was Bank of Ireland, up 8 at 335p. Merchant Banks presented contrasting movements in Grindlays, which reacted 6 more to 109p, still mirroring disappointment with the preliminary figures, and a Press-inspired rise of 3 to 45p in Keyser Ullmann. Cie. Bancaire featured prominently in Hire Purchases with a rise of 6 points to £50, again on currency and domestic market considerations.

Insurances generally adopted an easier tendency apart from Britannic, 2 better at 136p in reflection of the increased dividend. Legal and General shed 4 to 159p and, in Brokers, Willis Faber were 7 down at 293p ahead of Monday's annual results.

Irish Distillers featured Distilleries, rising 8½ to 124½p on small buying in a thin market. A. Bell closed without alteration at 218p, after 216p, despite the sharply improved first-half profits; the company confirmed that it has made application to the Price Commission for an increase in home market prices.

In a subdued business, leading Building issues gave ground. AP Cement lost 6 to 234p, while London Brick were 1½ easier at 64½p and Richard Costain 6 cheaper at 248p. Tarmac, however, recovered to close unaltered at 133p after 130p. In contrast, Wilson (Connolly) added a penny to 132p as did Cement Roadstone 132p, which continued to reflect increased profits. The chairman's remarks on brighter U.K. prospects failed to stimulate Marchwiel, unchanged at 248p.

Initially a penny firmer at 349p, ICI turned easier to close 3 down at 345p, while Fisons lost 12 to 334p in a sensitive market.



Sharply lower profits left Yorkshire Chemicals 6 cheaper at 80p, but, in response to further speculative demand, Stewart Plastics jumped a further 10½ to 135½p, after 139p, for a three-day rise of 25½.

In quiet Cinemas, Samuelson Film Service eased 3 to 105p in response to the half-yearly statement.

Stores on offer

Leading Stores took a turn for the worse and closed at the day's lowest. Gussies A fell 8 to 276p, while losses of around 4 were seen in Marks and Spencer, 145p, and F. W. Woolworth, 64½p. Elsewhere James Walker issues came back sharply on the first-half profits setback, the Ordinary falling 6 to 79p and the non-voting 4 to 77p. MFI Furniture contrasted with an improvement of 5 further to a 1977-78 peak of 71p reflecting persistent small demand.

while Blackman and Conrad edged forward 1½ to 18p and Time Products 3 to 110p. In Shoes Lambert Howarth rose 3 more to 41p on further consideration of the results.

Losses in the Electrical leaders were limited to a few pence, with GEC and EMI falling 3 to 258 and 144p respectively. Elsewhere, sporadic demand pushed United Scientific 5 higher to 272p, but Racal eased 3 to 215p. Laurence Scott edged up a penny more to 119p following Press mention and gains of a few pence were seen in Normand Electrical, 42p, and Unitech, 96p. On the other hand, H. Wigfall came back 6 to 220p, compared with the offer worth around 273p from Comet Radiovision.

Scattered selling in the absence of support took most leading Engineerings to lower levels. Vickers stood out with a fall of 6 to 177p along with Hawker, which gave up 4 at 184p. Secondary issues, however, provided several bright spots. Stothert and Pitt responded to the sharp first-half profits increase with a rise of 10 to 150p, while favourable Press mention lifted Brown and Tawse 4 to 92p and Hopkinsons Holdings 2 to 78p. Buyers favoured Midland Industries, 4 firmer at 42p, and Fluidrive, a similar amount higher at 67p, while Bonser Engineering, 2 to the good at 24p, reflected satisfaction with the annual results. Adwest firmed 5 to 236p and rises of 2 were recorded in Bronx, 35p, and Wolseley-Hughes, 182p, the interim results of the last-named are due to-day. Revived nationalisation compensation hopes left Vosper 9 higher at 178p in Shipbuildings.

United Biscuits stood out in Foods, losing 6½ to 144½p on revised thoughts about the preliminary figures and capital proposals. Cadbury Schweppes closed 1½ cheaper at 50p reflecting criticism by the Price Commission of the company's trade discounts, while Press comment on the interim report caused Brooke Bond to shade to 45½p. Tate and Lyle were finally 4 off at 196p on the chairman's profits warning, but small buying in anticipation of to-morrow's interim statement lifted Bluebird Confectionery 4 to 159p. Bernard Matthews were raised 7 to 137p in a restricted market, while gains of 3 were seen in Morgan Edwards, 25p, and A. G. Barr, 70p. Hotels and Caterers were only noteworthy for a reaction of 5 to 177p in Ladbroke.

Metal Box lower

Light selling and lack of support made for dullness in the miscellaneous Industrial leaders. Metal Box stood out with a fall of 6 at 298p, while similar losses were sustained by Beecham, 610p, and Unilever, 478p. Others to react, although only by a few pence, included Boots, 204p, and Turner and Newall, 180p. Elsewhere in the sector, buyers showed a selective interest. Demand developed for Esperanza, 6 to the good at 131p, along with Horizon Midland, 4 better at 90p, and LCP, a similar amount dearer at 85p. Peter Black hardened 2 to 132p in response to Press mention, while the chairman's optimistic view on prospects brought a marginal improvement to 37½p in D. Macpherson. Security Services gained 4 to 86p and the "A" were 3 better at 84p. S. Simpson "A" came to life with a rise of 5 to 80p, while speculative interest lifted L. and J. Hyman 4 to 32p. By way of contrast, Norvic Securities eased 2 to 25p on the lower profits and Hay's Wharf were on offer at 135p, down 5.

H. Woodward featured Distributors, rising 7 to 40p in response to the sharply increased earnings. Higher preliminary figures caused Manchester Garages to move up 1½ to 28p and Nelson David held at 6½p despite the first-half profits setback. Components failed to benefit from a report of a substantial improvement in commercial and financial performance and closed with small falls. Lucas Industries, which is due to announce interim figures on March 30, fell to 259p before rallying to close 2 cheaper on balance at 262p. Wilmot-Breeden gave up a penny at 60p mirroring adverse Press mention, while Dunlop, 80p, and Associated Engineering, 116p, shed 2 apiece.

Investors again favoured News International, up 3 at 248p, after 250p, along with United Newspapers, which rose 5 to 320p, but Associated eased 2 to 140p. Irish buying lifted Jefferson Smurfit 7 further to 185p, while British Printing revived at 45½p, up 2½, and McCorquodale put on 4 at 232p. More O'Ferrall hardened to a fresh 1977-78 high of 95p following Tuesday's upsurge on whispers that a stake was being built up in the company. Reed International has a 9.4 per cent. interest and also a 48 per cent. stake in London and Provincial Poster, 4 dearer at 205p, and is thought to be open to offers for both.

Rush and Tomkins attracted speculative interest in Properties and closed 2 dearer at 99p after 100p. Little activity was seen in leading issues; English Property, 38½p, and MEPC, 124p, both drifted lower, while Land Securities, 214p, eased 3. Fairview Estates gained 1½ more to 101½p in response to the half-yearly statement, but Peachey Property, 78p, relinquished 2 of the previous day's rise.

Shell on offer

Oil shares took on a distinctly dull appearance, particularly in the late dealings when scattered offering found the market unwilling. Among the leaders, Shell dropped 16 to 500p, but British Petroleum held relatively steady at 744p, down only 2, awaiting to-day's preliminary results. Elsewhere, Ultramar drifted back to end 8 lower at 220p and among the more speculative-orientated issues Siebens (U.K.) weakened 16 to 236p.

Investment Trusts continued firmly with Japanese issues favoured awaiting details of that country's economic package. G.T. Japan hardened 2½ to 109p, while Jardine Japan, 117p, and Crescent Japan, 136p, put on 5½ and 7½ respectively. In Financials, Suez Finance rose 2¾ points to £39 on a combination of currency premium and domestic market influences. S. Pearson rose 4 more to 184p, but small offerings clipped 3 from Grimshawe, at 17p.

Apart from Graig Shipping, 30 higher at 150p in a restricted market, Shippings fluctuated within narrow limits. John I. Jacobs, at 40½p, made no response to the preliminary figures. Elsewhere, Mersey Dock Units hardened 1½ to 18¾p.

South African Industrials had dull spots in Greatermans A, 3 off at 97p, and Gold Field Properties, 6 cheaper at 78p.

Reversal in Golds

After moving ahead for the two previous days South African Golds turned sharply easier as the bullion price weakened $1.75 to $186.125 per ounce following rumours of further moves to bolster the dollar, and despite the latest developments in the Middle East.

The substantial fall in the bullion price in overnight U.S. markets prompted jobbers to open Golds lower and as sellers began to appear they marked prices down further. Thereafter business was minimal and at the close Golds were at or around the day's lowest levels also reflecting the decline in the securities rank. The Gold Mines index dropped 5.2 to 161.1.

Among the heavyweight issues Randfontein were the worst affected with a ¾ reaction at £35½, while falls of a half-point were common to West Driefontein, £18½, Free State Geduld, £16¼ and Western Holdings, £18¾. President Brand gave up ⅜ to £10¾.

Medium priced issues showed Western Deep 46 off at 734p and President Steyn a similar amount cheaper at 745p, while among the marginals Grootvlei dropped 8 to 120p and Wit. Nigel 4 to 47p.

South African Financials lost ground in sympathy with Golds. Gold Fields of South Africa relinquished ⅜ to £11½, General Mining a half-point to £16 and "Amgold" ½ to £16¾. Anglo American and De Beers were both around 7 lower at 282p and 337p respectively, while following the half-year results Anglo-Vaal gave up 15 to 660p.

Platinums were subdued and usually a penny or so easier where changed. Small but persistent selling prompted losses in London-registered Financials. Gold Fields were 4 down at 181p, Charter 3 off at 121p and Rio Tinto-Zinc the same amount cheaper at 178p. Rhodesians were fractionally easier owing to profit-taking.

Western Mining were firm in Australians; the shares put on 3 to 101p following news that Esso had encountered hydrocarbons in the Houtman No. 1 well off Western Australia in which Western Mining is a joint venturer.

Elsewhere, Musto Exploration were steady at 107p following the news that the company has secured financing for an oil drilling prospect in New Mexico.

FINANCIAL TIMES STOCK INDICES

	Mar. 15	Mar. 14	Mar. 13	Mar. 10	Mar. 9	Mar. 8	A year ago
Government Secs.	75.96	75.82	75.66	75.66	75.65	75.27	68.42
Fixed Interest	78.42	78.26	78.12	77.89	77.63	77.41	67.54
Industrial Ordinary	453.9	460.4	459.6	459.0	450.5	446.7	428.0
Gold Mines	161.1	166.3	161.5	157.8	163.6	168.6	144.0
Ord. Div. Yield	5.96	5.89	5.89	5.91	6.01	6.05	6.19
Earnings Y'ld % (full)*	17.52	17.31	17.32	17.37	17.68	17.79	15.91
P/E Ratio (net) (*)	8.00	8.10	8.10	8.07	7.94	7.88	9.04
Dealings marked	5,663	6,523	5,597	5,401	4,741	4,546	9,301
Equity turnover £m	—	77.01	84.07	100.05	82.93	75.97	80.27
Equity bargains total	—	16,298	16,368	16,597	14,927	14,779	19,959

10 a.m. 460.4. 11 a.m. 457.8. Noon 456.8. 1 p.m. 456.3. 2 p.m. 456.4. 3 p.m. 455.4.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=7.95.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1977-78 High	1977-78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (12/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (18/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 15	Mar. 14
—Daily		
Gilt-Edged	205.6	177.4
Industries	186.5	185.5
Speculative	45.3	62.8
Totals	128.9	126.7
5-day Av'rage		
Gilt-Edged	181.7	174.1
Industrials	178.6	170.3
Speculative	52.2	53.9
Totals	123.6	117.5

NEW HIGHS AND LOWS FOR 1977/78

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977-78.

NEW HIGHS (35)

BRITISH FUNDS (1)
Exch. 8¾pc 1983

COMMONWEALTH (1)
N.Z. 4pc '76-'78

BANKS (2)
Credit France — Cie. Bancaire

BEERS (1)
Boddingtons

BUILDINGS (3)
Cement-Roadstone — Wilson (Connolly) — Warrington

CINEMAS (2)
HTV N/V — Scottish TV A

STORES (4)
Beattie (J.) A — MFI — Ellis & Goldstein — Status Discount

FOODS (2)
Banks (Sidney C.) — Pork Farms

INDUSTRIALS (7)
Hanimex — Securicor A N V — Hyman (I. & J.) — Security Services — Nash (J. F.) — Do. A N V — Securicor

PAPERS (2)
L. & P. Poster — More O'Ferrall

SHOES (1)
Lambert Howarth

TEXTILES (2)
Reed (Wm.) — Sekers Intl.

TRUSTS (4)
Common Market Tst. — Negit S. A. — Crescent Japan — Suez Finance

RUBBERS (3)
Cons. Plants. — Malakoff — Kulim

NEW LOWS (2)

CHEMICALS (1)
Yorks. Chems.

MINES (1)
Tara Exploration

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	56	—	18
Corpns., Dom. and Foreign Bonds	25	2	38
Industrials	328	258	978
Financial and Prop.	118	110	303
Oils	7	11	16
Plantation	5	3	26
Mines	7	69	46
Recent Issues	4	2	17
Totals	542	455	1,442

OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 7	Mar. 20	Jun. 8	Jun. 21
Mar. 21	Apr. 10	Jun. 22	July 5
Apr. 11	Apr. 24	July 6	July 19

For rate indications see end of Share Information Service.

Money was given for the call of William Press, Capper-Neill, Burmah Oil, Intereuropean Property, William Whittingham, Cableform, Premier Cons. Oil, Dunlop, Richards and Wallington, Midland Inds., Libanon (Gold), Lister, Kwik-Fit, P. and O. Deferred, J. B. Holdings, Halma Investments, UDT, Change Wares, Lonrho, Rio Tinto-Zinc, A. F. Bulgin, Cons. Gold Fields and Ladbroke Warrants. Puts were taken out in Electrocomponents, Ladies Pride, H. Samuel A and Capper-Neill, while doubles were arranged in Siebens (U.K.), Royco, Tarmac, Premier Cons. Oil, Ladbroke Warrants, Lonrho, British Land and Cons. Gold Fields.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
Shell Transport	25p	13	500	−16	635	454
ICI	£1	11	345	− 4	446	325
GEC	25p	10	258	− 3	284	163
BATs Defd.	25p	9	265	—	265	202
Barclays Bank	£1	9	325	—	350	228
BP	£1	9	744	− 2	966	720
Burmah Oil	£1	9	49	—	83	41
EMI	50p	9	144	− 3	254	141
Grand Met.	50p	9	100	− 1	109	62
Hawker Siddeley	25p	9	184	− 4	214	113
P & O Defd.	£1	9	97	− 1	175	95
Plessey	50p	9	95	− 1	117	62
Reed Intl.	£1	9	118	—	233	100
Cons. Gold Fields	25p	8	181	− 4	224	137
De Beers Defd.	R0.05	8	337	− 7	344	188

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e) and reproduced to-day in Stock Exchange dealings.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Weds., March 15, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net.) Corp. Tax 52%	Tues. Mar. 14 Index No.	Mon. Mar. 13 Index No.	Fri. Mar. 10 Index No.	Thurs. Mar. 9 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	199.18	−0.7	17.77	5.86	7.95	200.66	200.12	198.78	196.28	165.30
2	Building Materials (27)	178.66	−0.7	17.07	5.92	8.35	179.92	179.53	176.70	174.01	136.91
3	Contracting, Construction (26)	305.53	−1.1	18.81	4.22	7.93	308.84	307.96	306.55	301.43	226.23
4	Electricals (15)	435.93	−1.1	15.26	4.06	9.35	440.60	436.58	434.12	427.96	340.12
5	Engineering Contractors (14)	284.63	−0.4	17.44	7.09	7.85	285.66	286.06	283.23	277.49	211.95
6	Mechanical Engineering (71)	155.85	−0.7	19.50	6.58	7.29	156.98	157.11	156.50	154.75	147.64
8	Metals and Metal Forming (17)	160.23	−0.1	19.48	8.53	6.79	160.40	160.47	160.04	159.07	137.97
11	CONSUMER GOODS (DURABLE) (52)	181.87	−0.8	18.86	5.19	7.68	183.26	182.59	181.28	179.56	147.39
12	Lt. Electronics, Radio TV (15)	218.46	−0.8	16.30	3.87	8.86	220.19	220.09	219.58	217.58	165.94
13	Household Goods (12)	164.65	−0.2	19.18	7.43	7.08	164.94	164.06	162.95	162.24	147.24
14	Motors and Distributors (25)	111.33	−0.9	22.85	6.75	6.43	112.29	111.36	109.68	108.44	96.91
21	CONSUMER GOODS (NON-DURABLE) (178)	190.11	−1.1	16.84	6.12	8.22	192.20	191.51	191.17	187.49	158.13
22	Breweries (14)	218.77	−0.9	14.92	6.07	10.16	0.0	218.37	216.17	211.69	166.56
23	Wines and Spirits (6)	241.08	−0.9	17.16	5.96	8.84	243.30	242.75	243.20	238.72	178.55
24	Entertainment, Catering (18)	239.21	−1.1	16.64	7.18	8.74	241.96	242.09	239.42	233.64	198.73
25	Food Manufacturing (22)	179.75	−1.2	22.01	6.25	6.42	182.00	182.09	180.52	179.84	171.38
26	Food Retailing (16)	184.33	+0.4	14.93	4.96	9.66	183.51	184.39	182.14	180.83	157.46
32	Newspapers, Publishing (13)	304.54	−0.3	11.03	4.10	13.47	305.50	307.46	299.95	293.34	255.26
33	Packaging and Paper (15)	126.53	−0.7	21.06	9.25	6.82	127.48	127.21	127.08	124.16	111.53
34	Stores (38)	176.96	−2.1	10.93	4.49	13.45	180.71	179.67	181.76	177.26	133.54
35	Textiles (25)	167.36	−0.6	22.07	8.05	5.62	168.30	168.08	165.78	164.61	159.86
36	Tobaccos (3)	237.74	−0.2	23.28	7.88	5.11	238.23	235.88	236.96	229.24	210.31
37	Toys and Games (6)	99.44	+0.5	20.32	5.96	6.58	98.91	99.98	99.62	98.44	85.90
41	OTHER GROUPS (97)	180.85	−0.6	17.13	6.10	7.72	181.95	181.82	180.29	177.97	165.97
42	Chemicals (19)	249.80	−1.0	19.05	6.93	7.04	252.26	251.30	250.11	246.42	229.54
43	Pharmaceutical Products (7)	235.81	−0.7	11.67	4.20	10.99	237.39	237.86	236.72	233.13	0.00
44	Office Equipment (6)	126.39	−0.6	19.20	4.92	6.12	127.18	126.02	123.54	121.80	97.53
45	Shipping (10)	430.38	−0.6	22.88	6.80	5.18	432.84	430.73	428.66	424.89	467.24
46	Miscellaneous (55)	188.18	−0.1	16.86	6.56	8.41	188.45	189.17	186.66	184.84	164.92
49	INDUSTRIAL GROUP (495)	195.85	−0.9	17.28	5.99	7.99	197.55	197.02	196.04	193.61	166.88
51	Oils (5)	431.83	−1.7	16.06	4.52	7.57	439.19	437.02	432.66	426.14	477.79
59	500 SHARE INDEX	215.67	−1.0	17.10	5.77	7.92	217.81	217.15	215.91	212.58	191.83
61	FINANCIAL GROUP (100)●	164.74	−0.8	—	5.50	—	166.09	165.89	164.65	161.21	137.50
62	Banks (6)●	185.73	−0.6	26.31	5.79	5.79	186.77	184.02	183.44	181.29	158.39
63	Discount Houses (10)	198.55	+1.6	—	8.32	—	195.46	193.11	194.06	194.06	169.58
64	Hire Purchase (5)	149.60	−0.7	12.43	5.35	11.89	150.66	150.95	150.57	149.65	121.54
65	Insurance (Life) (10)	137.04	−0.8	—	6.10	—	138.09	138.82	136.84	132.74	114.03
66	Insurance (Composite) (7)	129.20	−1.3	—	6.52	—	130.91	131.91	130.47	126.62	113.62
67	Insurance Brokers (10)	339.35	−1.5	13.25	4.13	10.95	344.48	348.80	342.13	333.43	279.00
68	Merchant Banks (14)	77.22	+0.8	—	6.19	—	76.58	75.81	75.16	74.31	67.34
69	Property (31)	236.17	−0.9	2.83	2.91	67.57	238.20	237.54	237.33	232.07	175.57
70	Miscellaneous (7)	106.53	−0.3	24.52	7.45	5.64	106.90	107.22	106.65	105.61	80.94
71	Investment Trusts (50)	181.35	—	3.52	5.25	28.40	181.34	181.39	179.71	178.40	167.38
81	Mining Finance (4)	87.93	−1.8	17.73	6.66	6.56	89.50	89.50	87.75	86.89	102.47
91	Overseas Traders (19)	273.48	−0.1	17.00	7.16	7.52	273.83	272.82	270.36	267.25	272.48
99	ALL-SHARE INDEX (673)●	200.80	−0.9	—	5.75	—	202.63	202.12	200.81	197.63	178.24

FIXED INTEREST PRICE INDICES

	British Government	Weds. Mar. 15	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	109.01	+0.07	—	2.10
2	5-15 years	122.40	+0.14	—	1.80
3	Over 15 years	130.03	+0.12	—	2.32
4	Irredeemables	145.30	+0.38	—	1.78
5	All stocks	119.37	+0.11	—	2.11

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Weds. Mar. 15	Tues. Mar. 14	Year ago (approx.)
1	Low Coupons	5 years	7.62	7.63	7.28
2		15 years	9.83	9.85	11.03
3		25 years	10.31	10.34	12.22
4	Medium Coupons	5 years	9.66	9.68	9.76
5		15 years	10.88	10.98	11.85
6		25 years	11.04	11.06	12.69
7	High Coupons	5 years	9.91	9.94	10.87
8		15 years	11.64	11.65	13.18
9		25 years	11.96	11.97	13.46
10	Irredeemables		10.14	10.18	12.44

		Wed., March 15 Index No.	Wed., March 15 Yield %	Tues. March 14	Monday March 13	Friday March 10	Thurs. March 9	Wed. March 8	Tues. March 7	Monday March 6	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	61.00	†12.17	60.96	60.96	60.53	60.42	60.57	60.57	60.59	50.98
16	Investment Trust Prefs. (15)	56.56	12.55	56.89	56.66	56.71	56.68	56.83	56.85	59.93	49.52
17	Coml. and Indl. Prefs. (20)	75.83	11.84	75.80	76.03	76.00	76.09	76.51	76.86	76.92	68.60

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 13p, by post 22p. ● Corrected March 14.

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 31, 1976, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines index.

Contracting and Construction	+87.74	Industrial Group	+40.98
Hire Purchase	+87.15	Textiles	+39.94
Office Equipment	+74.43	Entertainment and Catering	+39.20
Engineering Contractors	+72.80	Gold Mines F.T.	+38.81
Property	+71.80	Household Goods	+37.55
Electronics, Radio and TV	+71.47	Merchant Banks	+34.21
Electricals	+65.91	All-Share Index	+33.34
Building Materials	+64.82	Toys and Games	+32.57
Stores	+63.64	500 Share Index	+33.29
Consumer Goods (Durable) Group	+58.96	Overseas Traders	+28.82
Wines and Spirits	+54.70	Banks	+28.25
Newspapers and Publishing	+52.10	Mechanical Engineering	+27.93
Capital Goods Group	+52.03	Other Groups	+27.15
Breweries	+48.45	Discount Houses	+26.62
Motors and Distributors	+46.23	Chemicals	+23.60
Metal and Metal Forming	+45.47	Food Manufacturing	+22.55
Insurance (Composite)	+44.49	Tobaccos	+16.52
Insurance (Life)	+44.02	Investment Trusts	+15.75
Financial Group	+43.08	Shipping	+ 9.57
Food Retailing	+42.90	Mining Finance	+ 6.82
Consumer Goods (Non-durable) Group	+42.77	Oils	+ 1.49
Packaging and Paper	+41.42		
Insurance Brokers	+41.26		

† Percentage changes based on Tuesday, March 14, 1978 indices.

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Kemp-Gee Management Jersey Ltd.
1, Charing Cross, St Helier, Jersey 0534 73741
Kemp-Gee Capital 79.7 82.1 ... —
Kemp-Gee Income 64.8 66.9 ... 8.55

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.
Worldwide Gth Fd| $US12.76 |-0.05| —

BASE LENDING RATES

A.B.N. Bank	6½%	■ Hill Samuel §	6½%
Allied Irish Banks Ltd.	6½%	C. Hoare & Co. †	6½%
American Express Bk.	6½%	Julian S. Hodge	7½%
Amro Bank	6½%	Hongkong & Shanghai	6½%
A P Bank Ltd.	6½%	Industrial Bk. of Scot.	6½%
Henry Ansbacher	6½%	Keyser Ullmann	6½%
Banco de Bilbao	6½%	Knowsley & Co. Ltd.	9 %
Bank of Credit & Cmce.	6½%	Lloyds Bank	6½%
Bank of Cyprus	6½%	London & European	8 %
Bank of N.S.W.	6½%	London Mercantile	6½%
Banque Belge Ltd.	6½%	Midland Bank	6½%
Banque du Rhone	7 %	■ Samuel Montagu	6½%
Barclays Bank	6½%	■ Morgan Grenfell	6½%
Barnett Christie Ltd.	8½%	National Westminster	6½%
Bremar Holdings Ltd.	7½%	Norwich General Trust	6½%
Brit. Bank of Mid. East	6½%	P. S. Refson & Co.	6½%
Brown Shipley	6½%	Rossminster Accept'cs	6½%
Canada Permanent AFI	6½%	Royal Bk. Canada Trust	6½%
Capitol C & C Fin. Ltd.	9 %	Schlesinger Limited	6½%
Cayzer Ltd	7 %	E. S. Schwab	8½%
Cedar Holdings	8 %	Security Trust Co. Ltd.	7½%
Charterhouse Japhet	6½%	Shenley Trust	9½%
Choulartons	6½%	Standard Chartered	6½%
C. E. Coates	7½%	Trade Dev. Bank	6½%
Consolidated Credits	6½%	Trustee Savings Bank	6½%
Co-operative Bank *	6½%	Twentieth Century Bk.	7½%
Corinthian Securities	6½%	United Bank of Kuwait	6½%
Credit Lyonnais	6½%	Whiteaway Laidlaw	7 %
The Cyprus Popular Bk.	6½%	Williams & Glyn's	6½%
Duncan Lawrie ¶	6½%	Yorkshire Bank	6½%
Eagil Trust	6½%		
English Transcont.	8 %		
First London Secs.	6½%		
First Nat. Fin. Corpn.	8½%		
First Nat. Secs. Ltd.	8 %		
Antony Gibbs	6½%		
Greyhound Guaranty	6½%		
Grindlays Bank ‡	6½%		
Guinness Mahon	6½%		
Hambros Bank	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3½% and over £25,000 4½%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ also applies to Sterling Ind. Secs.

NOTES

Prices do not include $ premium except where indicated ♦ and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Net of tax on realised capital gains unless indicated by ϕ. § Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CLIVE INVESTMENTS LIMITED

1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at 7th March, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital 135.61
Clive Fixed Interest Income 122.63

CORAL INDEX: Close 450-455

INSURANCE BASE RATES

† Property Growth 7½%
† Vanbrugh Guaranteed 7.12%

† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1977-78 High	Low	Stock	£	+ or –	Int.	Yield Red.
104½	97½	Treasury 10½pc '78‡‡	101½	......	10.34	5.88
100⅛	90¹³⁄₁₆	Exch. 5pc '76-78‡‡	99⅞xd	......	5.03	6.06
107	95⅝	Treasury 11½pc '78‡‡	104⅞	......	11.03	6.90
97¼	84¹⁵⁄₁₆	Treasury 3pc '79‡‡	96¹³⁄₁₆xd	......	3.09	5.13
98¼	85⅛	Electric 4½pc '74-79	97⅜xd	......	4.35	5.88
106½	92	Treasury 10½pc '79‡‡	103¾	......	10.10	7.84
97⅝	84⅞	Electric 3½pc '76-79	96½	......	3.63	5.72
107	87¼	Treasury 9pc 1980‡‡	102	......	8.82	7.87
105¼	88⅛	Treasury 9½pc '80‡‡	102	......	9.31	8.47
96	82⅞	Treasury 3½pc '77-80	94¾	......	3.69	6.02
98¼	83	Funding 5¼pc '78-80‡‡	96⅛	......	5.46	7.13
112¾	96¹⁵⁄₁₆	Exchequer 13pc 1980‡‡	108⅞	+⅛	11.94	9.18
108⅞	92¾	Treasury 11½pc 1981‡‡	105¾	+⅛	10.87	9.13
94¼	77⅞	Treasury 3½pc 1979-81	91⅛	......	3.84	6.90
104	86¾	Treasury 9¾pc 1981‡‡	101¾xd	+⅛	9.58	9.08
97½	95¼	Exch. 8¼pc 1981	97½xd	+⅛	8.46	9.14
103½	97½	Exch. 9¾pc 1981	100¾	+⅛	9.43	9.26
92⅛	87½	Exch. 3pc 1981	87¼	......	3.42	7.08
98¾	96⅛	Treas. Variable '81‡‡	96¼	......	6.63	7.43
113¾	96¼	Exch. 12¾pc 1981‡‡	109¾	......	11.62	9.55
100⅝	82⅞	Treas 8½pc '80-82‡‡	98¾	+⅛	8.67	9.10
93⅛	71⅝	Treasury 3pc '82‡‡	86¾	+⅛	3.48	7.05
119⅜	101⅝	Treasury 14pc '82‡‡	114¼xd	+⅛	12.25	9.62
98½	95¾	Treas. Variable '82‡‡	96	......	6.68	7.52
98⅝	93⅝	Treasury 8¼pc '82	95⅞	+⅛	8.60	9.43
102⅛	93⅝	Exch. 9¼pc 1982	98⅝xd	+⅛	9.35	9.54
96¼	96½	Exch. 8¾pc 1983●	96¾	+⅛	9.04	9.60
87⅝	81	Exch 3pc '83	83⅜	+⅛	3.60	7.06

Five to Fifteen Years

1977-78 High	Low	Stock	£	+ or –	Int.	Yield Red.
114¼	95½	Treasury 12pc 1983‡‡	108⅞xd	+⅛	11.02	9.71
101½	95¾	Treasury 9½pc '83	100	+⅛	9.39	9.60
95½	72⅝	Funding 5½pc '82-84‡‡	88	+⅛	6.31	8.33
100¼	77⅞	Treasury 8½pc '84-86‡‡	95¼	+⅛	9.07	9.61
87⅞	66¼	Funding 6½pc '85-87‡‡	85⅞	+⅛	7.79	9.22
94	68½	Treasury 7¾pc '85-88‡‡	87¼	+⅛	8.99	9.97
74⅞	49⅞	Transport 3pc '78-88	66⅝	+⅛	4.56	7.93
76¼	53⅞	Treasury 5pc '86-89	70¼xd	+⅛	7.08	9.17
121¼	90	Treasury 13pc 1990‡‡	112⅞	+⅛	11.74	11.32
94¾	67⅛	Treasury 8¼pc '87-90‡‡	87¼	+⅛	9.70	10.43
112	88¾	Treasury 11¾pc 1991	104⅛	+⅛	11.53	11.45
76½	53¼	Funding 5¾pc '87-91‡‡	69⅞xd	+⅛	8.20	9.88
118	86¾	Treasury 12¾pc '92‡‡	109¾	+⅛	11.83	11.59
96⅝	88¾	Treasury 10pc 1992	91⅝	+⅛	11.00	11.31
115	89½	Exch. 12¼pc '92	105⅛	+⅛	11.73	11.62

Over Fifteen Years

1977-78 High	Low	Stock	£	+ or –	Int.	Yield Red.
116¼	84½	Treasury 12½pc '93‡‡	108⅛	+⅛	11.79	11.64
73¾	51⅝	Funding 6pc 1993‡‡	67¼	+⅛	8.92	10.26
126½	96	Treasury 13¾pc 1993‡‡	118	+⅛	12.09	11.79
129¼	99	Treasury 14½pc '94‡‡	119½	+⅛	12.19	11.83
114⅛	94⅝	Exch. 12½pc 1994	106½	+⅛	11.82	11.71
96	66¼	Treasury 9pc '94‡‡	87¾	+½	10.61	11.00
110¼	97⅞	Treasury 12pc '95	104½	+⅛	11.67	11.60
51⅞	32⅝	Gas 3pc '90-95	50⅛	+⅛	6.12	8.83
95	88⅝	Exch. 10¼pc 1995●	91⅝	+¼	11.30	11.49
120¾	87	Treasury 12¾pc '95‡‡	111⅞	+⅛	11.84	11.71
92½	66¼	Treasury 9pc '92-96‡‡	84	+⅛	10.72	11.07
133¾	101⅛	Treasury 15¼pc '96‡‡	129½	+⅛	12.30	11.98
124	89¾	Exchequer 13¼pc '96‡‡	115½	+⅛	11.93	11.75
50	31¼	Redemption 3pc 1986-96	47½xd	+⅛	6.30	8.76
122½	87⅛	Treasury 13¾pc '97‡‡	113¾	+⅛	11.92	11.75
98⅝	90¼	Exchequer 10½pc 1997	93⅛	......	11.36	11.48
89⅝	64⅞	Treasury 8¾pc 1997‡‡	81¾	+⅛	10.75	11.10
72¾	50¾	Treasury 6¾pc '95-98‡‡	69¾	+⅛	10.04	10.76
136½	103⅝	Treas. 15½pc '98‡‡	126¼xd	+⅛	12.22	11.96
97	65⅞	Treasury 9½pc 1999‡‡	88¼	+⅛	10.96	11.15
96¼	90⅞	Treasury 10½pc 1999	93¾	......	11.40	11.58
44¾	27⅝	Funding 3½pc '99-04	40⅞	+⅛	8.69	9.93
82¼	57½	Treasury 8pc '02-06‡‡	74⅝xd	+⅛	10.66	10.84
59	40½	Treasury 5½pc '08-12‡‡	53½	+⅛	10.30	10.56
80¾	53¾	Treasury 7¾pc '12-15‡‡	73¾	+⅛	10.66	10.74

Undated

1977-78 High	Low	Stock	£	+ or –	Int.	Yield Red.
38¾	26⅝	Consols 4pc	35⅞	+⅛	11.30	—
38½	25⅝	War Loan 3½pc‡‡	36⅞	+⅛	9.76	—
39¼	26¾	Conv. 3½pc '61 Aft.	37⅜xd	+⅛	9.33	—
28⅝	20½	Treasury 3pc '66 Aft.	26⅛xd	+⅛	11.41	—
24⅛	17¼	Consols 2½pc	22⅝xd	+⅛	10.98	—
24	17⅛	Treasury 2½pc	21⅞xd	+⅛	11.37	—

**INTERNATIONAL BANK

1977-78 High	Low	Stock	£	+ or –	Int.	Yield Red.
88¼	75½	5pc Stock '77-82	85½	......	5.78	8.74

**CORPORATION LOANS

1977-78 High	Low	Stock	£	+ or –	Int.	Yield Red.
100	82	Birm'ham 9¾pc '79-81	98¼	+¼	9.42	9.84
94¼	81½	Bristol 7¾pc '79-81	92¾	......	8.35	10.17
107	93	G.L.C. 12½pc '82	106¼	......	11.76	10.61
112	95¾	Do. 12½pc 1983	107½	+¼	11.75	10.90
102½	85½	Glasgow 9¼ '80-82	97½	+½	9.45	9.90
94	76¼	Herts 5½pc '78-80	92½	......	5.67	9.10
99¾	90½	Liverpool 5¾pc '76-78	99⅜	......	5.78	6.90
102½	79½	Do. 9¾pc '80-84	99½	+½	10.11	10.57
29¾	22¾	Do. 3½pc Irred.	29⅜xd	......	11.94	—
100¾	89	Lon Corp. 6½pc '75-78	99⅞	......	6.51	6.84
99¾	75	Do 9¼pc '84-85	93½xd	......	9.85	10.42
96¾	85½	L.C.C. 6pc '76-79	96¾	+¼	6.20	8.43
92½	70½	Do 5½pc '77-81	90¼xd	......	6.10	8.77
85½	60½	Do 5½pc '82-84	82	+½	6.78	9.53
79	52½	Do 5½pc '85-87	74½	+½	7.53	10.02
79	51¾	Do 6¾pc '88-90	75	+½	9.14	10.60
27¼	20	Do. 3pc '20 Aft.	25¼	......	11.86	—
93½	76¾	Middx. 5¾pc 1980	93½xd	......	5.61	8.83
100	84¾	Newcastle 9¾pc '78-80	99¼xd	+¼	9.32	9.57
107¼	90¾	Warwick 12½% 1980	106¼	+¼	11.76	9.75

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

AMERICANS—Continued

S.E. List Premium 44¼% (based on $US1.9072 per £)

Conversion factor 0.6927 (0.6928)

CANADIANS

S.E. List Premium 44¼% (based on $2.1425 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأحمل

INDUSTRIALS—Continued

INSURANCE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

INSURANCE

MINES—Continued

CENTRAL AFRICAN

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
210	70	Falcon Rh.50c	195	......	Q50c	1.3	23.8
24	9	Rhod'n Corp. 16½p	20	−1	0.57	4.3	4.3
165	52	Roan Cons. K4	66	−4	—	—	—
164	115	Tanganyika 50p	123	......	Q11.0	1.1	8.9
80	70	Do. Pref. 80p	80	......	Q9%	16.4	9.0
42	27	Wankie Col. Rh.1	40	......	Q7½c	1.4	16.0
27½	10	Zam.Cpr.SBD0.24	10½	......	—	—	—

AUSTRALIAN

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
20	10	Acmex 25c	10	......	—	—	—
127	57	Bougainville 50 Toea	92	+1	Q6c	1.4	5.5
128	62	BH South 50c	66	......	—	—	—
325	119	Conzinc Riotinto 50c	158	......	Q10c	ϕ	4.0
72	18	G.M. Kalgoorlie $1	70	......	—	—	—
112	77	Hampton Areas 5p	93	......	1.45	4.1	2.4
35	10	Metals Ex. 50c	11½	−½	—	—	—
242	125	M.I.M. Hldgs. 50c	142	+1	Q9c	1.7	3.9
105	10	Mount Lyell 25c	17	......	—	—	—
2¼	1	Newmetal 10c	2	......	—	—	—
120	79	North B. Hill 50c	88	......	Q8c	1.5	5.6
12	4½	Nth. Kalgurli	11½	......	—	—	—
150	87	Oakbridge $A1	148	......	tQ11c	1.9	4.6
55	20	Pacific Copper	34	......	—	—	—
£13	575	Pancont'l 25c	800	−25	—	—	—
19	8	Parinca M&Ex 5c	17½	......	—	—	—
555	345	Peko-Wallsend 50c	467	−3	Q15c	4.0	2.0
164	84	Westn. Mining 50c	101	+3	Q6c	1.4	3.7
75	35	Whim Creek 20c	45	......	—	—	—

TINS

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
39	18	Amal. Nigeria	24	......	†2.51	1.6	15.9
395	240	Ayer Hitam $M1	270xd	−5	[illegible]	0.9	[illegible]
57	25	Beralt Tin	52	......	3.75	2.3	10.9
260	155	Berjuntai $M1	220	−5	tQ60c	ϕ	[illegible]
142½	65	Geevor	122[illegible]	......	18.05	3.4	22.3
13	8	Gold & Base 12½p	8½	......	—	—	—
325	190	Gopeng Cons.	230	−5	15.0	0.9	9.9
150	72	Hongkong	150	......	—	—	—
100	60	Idris 10p	88	......	7.5	ϕ	12.9
11	7	Jantar 12½p	11	......	—	—	—
85	30	Kamunting $M0.50	69	......	[illegible]	0.7	[illegible]
490	260	Killinghall	450	......	Q125	ϕ	27.8
410	217	Malay Dredging $M1	285xd	−5	tQ95c	0.8	[illegible]
50	40	Pahang	50	......	†Q2.5	0.5	5.0
70	50	Pengkalen 10p	53	......	6.5	1.3	18.6
215	133	Petaling $M1	175	......	[illegible]	10.9	1.5
90	35	Saint Piran	50	......	c1.99	4.6	6.0
73	51	South Crofty 10p	51	......	b4.12	1.5	10.4
210	77	South Kinta $M0.50	150	......	[illegible]	1.4	11.1
305	148	Sthn. Malayan $M1	248	......	tQ31.3c	1.1	11.4
160	57	Sungei Besi $M1	154	......	—	—	—
64	19	Supreme Corp. $M1	64	......	ZQ10c	—	3.4
102	42	Tanjong 15p	98	......	4.5	ϕ	7.0
95	45	Tongkah Hrbr. $M1	85	......	[illegible]	1.6	14.4
203	93	Tronoh $M1	173xd	......	ZQ88c	ϕ	10.9

COPPER

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
198	70	Messina R0.50	75	......	‡Q30c	1.9	‡

MISCELLANEOUS

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
9½	9	Burma Mines 17½p	9	......	—	—	—
600	220	Cons. Murch. 10c	230	......	Q30c	ϕ	7.8
475	245	Northgate C$1	290	+3	—	—	—
247	164	R.T.Z.	178	−3	t8.5	q3.1	7.2
70	28½	Sabina Inds. C$1	33	−½	—	—	—
£14¾	770	Tara Exptn. $1	770	−10	—	—	—
55	39	Tehidy Minerals 10p	45	......	1.27	2.5	4.1
160	120	Yukon Cons. C$1	140	......	Q7c	ϕ	2.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ● Excluding a final dividend declaration.
- ♦ Regional price.
- ¶ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1978. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......	Sheff. Refrshmt.	51	......
Ash Spinning	43	......	Shiloh Spinn.	22	+1
Bertam	14	......	Sindall (Wm.)	83	......
Bdg'wtr Est. 50p	225	......	**IRISH**		
Clover Croft	22	......	Conv. 9% '80/82	£96¼	+¼
Craig & Rose £1	400	......	Alliance Gas	70	......
Dyson (R. A.) A	41	......	Arnott	280	+10
Ellis & McHdy	68	......	Carroll (P.J.)	98	−5
Evans Fr'k 10p	57	......	Clondalkin	85	......
Evered	15½	......	Concrete Prods.	123	−2
Fife Forge	47	......	Heiton (Hldgs.)	49	......
Finlay Pkg. 5p	19	......	Ins. Corp.	180	+40
Graig Ship £1	150	−30	Irish Ropes	133	......
Higsons Brew.	82	......	Jacob	55	......
I.O.M. Stm. £1	142	......	Sunbeam	30	......
Holt (Jos.) 25p	250	......	T.M.G.	190	−5
N'thn. Goldsmith	56	......	Unidare	72	......
Pearce (C. H.)	129	......			
Peel Mills	17	......			
Sheffield Brick	46	......			

OPTIONS
3-month Call Rates

Industrials		I.C.I.	23	Tube Invest.	30
A. Brew	6½	"Imps"	7	Unilever	40
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	7	Vickers	15
Babcock	10	KCA	5	Woolworths	6
Barclays Bank	25	Ladbroke	17	**Property**	
Beecham	38	Legal & Gen.	14	Brit. Land	3½
Boots Drug	15	Lex Service	7	Cap. Counties	5
Bowaters	16	Lloyds Bank	22	E.P.	5
B.A.T.	24	"Lofs"	5	Intereuropean	4
British Oxygen	6	London Brick	5	Land Secs.	18
Brown (J.)	20	Lonrho	7	MEPC	12½
Burton 'A'	13	Lucas Inds.	25	Peachey	10
Cadburys	5	Lyons (J.)	13	Samuel Props.	10
Courtaulds	10	"Mams"	7	Town & City	2
Debenhams	10	Mrks. & Spncr.	11	**Oils**	
Distillers	13	Midland Bank	25	Brit. Petroleum	35
Dunlop	8	N.E.I.	20	Burmah Oil	7
Eagle Star	11	Nat. West Bank	22	Charterhall	3
E.M.I.	18	Do. Warrants	10	Shell	28
Gen. Accident	17	P & O Dfd.	10	Ultramar	22
Gen. Electric	18	Plessey	9	**Mines**	
Glaxo	40	R.H.M.	5	Charter Cons.	12
Grand Met.	9	Rank Org. 'A'	18	Cons. Gold	20
G.U.S. 'A'	18	Reed Intl.	14	Rio T. Zinc	16
Guardian	16	Spillers	4		
G.K.N.	22	Tesco	4		
Hawker Sidd.	20	Thorn	22		
House of Fraser	12	Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

THURSDAY MARCH 16 1978

Budget caution urged by Bank and OECD

BY MICHAEL BLANDEN AND PETER RIDDELL

THE GOVERNMENT is advised to-day in two important reports to be cautious in stimulating the economy in the forthcoming Budget.

The Bank of England, in its quarterly bulletin, argues that the immediate scope for tax cuts as a stimulus to domestic demand is clearly limited for balance of payments reasons given the need to avoid a current account deficit.

It also maintains that the possibility of an accelerated rate of expansion in 1979 compared with this year argues against giving a large fiscal stimulus to the economy at this stage.

In its annual survey of the U.K. economy, the Organisation for Economic Co-operation and Development, representing the main industrialised countries, also calls for a controlled expansion which seeks only to absorb economic slack gradually.

In urging "continued prudence in demand management" the OECD places less emphasis on the current account than on inflation constraint with a continuing gap between the rate of price increases in the U.K. and in other industrial countries. It renews its call for an incomes policy, described as a "consensus between the social partners about wage and price objectives."

Both bodies are only moderately optimistic about the immediate economic prospects though the rate of growth in 1978 should be higher than in recent years.

The Bank expects that the increase in Gross Domestic Product in 1978 will be slightly less than the 3 per cent. the Bank projected last December on the basis of present policies, while the OECD projects a 2¾ per cent. rise this year.

Both organisations believe further fiscal action will be necessary to keep the growth rate in the 3 to 4 per cent. range. The Bank argues that in contrast to increases in Government spending, tax reductions could be helpful both in moderating pay rises and helping to restore incentives.

Neither body is especially hopeful about unemployment. The Bank suggests that the recent reduction should not be seen as a trend but may reflect merely a reversal of last summer's sharp rise, which could have been a temporary aberration. The OECD believes the adult unemployment rate will stabilise at slightly above the current level, at 6 to 6½ per cent.

The current account is expected to show a surplus this year of £1.44bn., according to the OECD, compared with its December projection of £1.8bn. But both bodies are more cautious about the prospects for 1979 in view of the slow growth in world trade.

The OECD, commonly regarded as the Treasury in exile in Paris in its similar thinking about the U.K. economy, not only shares Whitehall's preference for a continued incomes policy, but also its concern over competitiveness.

In a Delphic passage, OECD suggests that some increase in domestic demand may be "consistent with the easing of the upward pressure on the exchange rate." It notes that the risks for industry and economic growth of an appreciation have become "rather pressing in both the short and medium-term context."

The bank warns of a risk of unsettling external confidence as a result of a failure to provide for a surplus. The OECD says that too large a British surplus would risk aggravating the position of deficit industrialised countries but a prudent expansion of demand would keep the surplus within reasonable limits and help sustain the international recovery.

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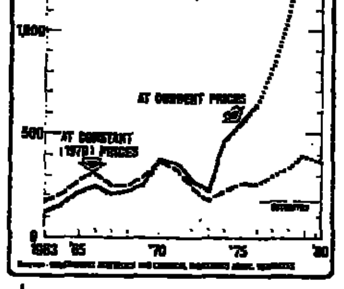
Chemical industry planning £6bn. growth in three years

BY KEVIN DONE, CHEMICALS CORRESPONDENT



THE CHEMICAL industry plans to spend about £6bn. on expansion in the U.K. over the next three years, with £1.07bn. being invested in capital projects in 1978.

It is continuing to invest through recession, but, according to a Chemical Industries Association survey of investment intentions, it is becoming more cautious about the prospects of sanctioning new projects in 1979 and beyond.

The industry's U.K. capital expenditure last year, at £820m., was short of the £900m. predicted 12 months ago, while project sanctions at £921m. were well below the expected £1.434bn.

Reasons for the shortfall include severe construction problems and reduced demand. However, most projects should be carried forward to this year, with sanctions doubling to £1.84bn.

Capital expenditure this year will be 14 per cent. up in volume terms on 1977, Mr. Jim Stewart, chairman of the association's economics committee, said yesterday.

In the three years to 1980 the industry's commitment, including working capital of about £2.2bn., will be about £6.1bn.

Increasing amounts will be spent on projects in Scotland. Capital investment will quadruple from £60m. last year to more than £250m. in 1980. Scotland's share of overall spending will have risen from the present 10 per cent. to about 20 per cent.

"We are confident that our present plant capacity, plus these future plans, will give the U.K. industry ample ability to match a high rate of growth in the rest of the economy, if this can be safely achieved," Mr. Stewart said.

But there were warning signals. "Additional expenditure on equipment for environmental, safety and energy-saving purposes will take an increasing share of capital, leaving less for actual output increases."

Local planning consents and product approvals were causing greater delays, and problems on large construction sites were holding back completion and new projects.

"Overcapacity throughout Europe for many basic chemical products also gave cause for concern about prices and profits, particularly if the value of the pound does not properly reflect our real U.K. situation."

The U.K.'s share of EEC chemical industry investment is still rising after having fallen steadily from 1969 to 1973.

Government claims victory over Brussels in jobs subsidy dispute

BY GUY JONQUIERES, IN BRUSSELS, AND CHRISTIAN TYLER IN LONDON

THE GOVERNMENT last night claimed a victory over the EEC Commission in a dispute about job subsidies, even though it has had to limit the Temporary Employment Subsidy in textiles, clothing and footwear after complaints of unfair competition.

Agreement was announced in Brussels and London, where Mr. Albert Booth, Employment Secretary, also told Parliament that two other major subsidies were to be widened and continued for another year. The package, costing £300m. gross, would raise the total number of jobs created and saved from 320,000 to more than 400,000 by March next year.

A short-time working subsidy is to be introduced for those workers who might be affected by the restrictions on the employment subsidy in the three industries. It will also be available to firms in those sectors who have run out of the subsidy. As a result, Mr. Booth said, not only need there be no redundancies, but even more jobs could be saved.

It is understood that the Commission sought to reduce the number of workers covered by the subsidy in those industries from 120,000 (the U.K. total is 180,000) to only 10,000. In the event it is estimated that 90,000 will continue to receive the subsidy.

But the Government, faced with legal action under EEC competition rules, has agreed to cut the spending from £108m. in the current year to £55m. in the next. This is part of a general reduction in spending on the subsidy from £222m. to £135m. Other modifications are also to be made.

Northern Ireland, an important centre for the textile industry, has been given special exemption. Limitations will only apply to companies directly in competition with firms in the Irish Republic, Mr. Roy Mason, Northern Ireland Secretary, said in Belfast.

The TUC, which told the Government that it must on no account give in to Brussels, conceded last night that the deal was better than expected.

The other improvements, on the job release (early retirement) scheme and the small firms employment subsidy, were welcome even if they did not go far enough.

The commission's approval is for only a year and its sanction would be required for a further extension. Although not yet formally notified of the short-time subsidy plan, Commission officials are confident there will be no serious objections.

But it is understood that the Commission will be keeping a close eye on other industries protected by the £20-a-week subsidy. At least one member state, Denmark, has indicated informally that it is unhappy about its impact in the U.K. fish-processing industry.

Yesterday's announcement will mean that, in future firms benefiting from the subsidy will have to show within 12 months how to make the jobs supported viable.

In the three disputed industries, firms will be limited to 70 per cent. of their employees for six months, and 50 per cent. for the second six months. Workers put on short-time will get 75 per cent. of gross pay for each day lost. The employer will pay nothing.

The same limits will apply to firms applying for the employment subsidy supplement. The changes could be introduced before the end of May.

Meanwhile, from July 1 the small firms employment subsidy, at present limited to firms of 50 or less in special development areas, will embrace firms of up to 200 in all assisted areas and inner city areas.

From April 1 the job release scheme, at present confined to assisted areas, will cover the whole country.

Weather

U.K. TO-DAY

RAIN at times. Windy in the South.

London, S.E., Cent. S. England, E. Anglia, Midlands, Channel Is.
Rain, brighter later. Max. 10C (50F).

S.W. England, S. Wales
Sunny with showers. Max. 7C (45F).

N. Wales, Isle of Man, N. Ireland
Rain, wintry on hills. Max. 8C (46F).

Lake District, N.W., Cent. N. England, N.W., S.W. Scotland
Cloudy, rain at times. Max. 8C (46F).

E., N.E. England
Cloudy, with rain. Max. 8C (46F).

Borders, Cent. Highlands, Orkney
Bright, rain later. Max. 7C (45F).

Shetland
Cloudy, showers. Max. 4C (39F).

Outlook: Cold with showers.

Long-range forecast for the next 30 days: Mainly rather cool and wet in N. and E. Mean temperatures below average. Rainfall near average in N. Ireland, Wales and W., but above average elsewhere.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amsterdm	F	9	48	Madrid	S	13	55
Athens	S	14	57	Manchstr.	R	7	45
Bahrain	S	22	72	Melbourne	F	31	88
Barcelona	S	15	59	Mexico C.	S	22	72
B'irut	F	16	61	Milan	F	10	50
Belfast	C	7	45	Montreal	C	2	36
Belgrade	C	15	59	Moscow	S	3	37
Berlin	S	9	48	Munich	S	8	46
Birmghm.	F	10	50	Newcastle	F	7	45
Bristol	F	9	48	New York	S	10	50
Brussels	C	8	46	Oslo	Sn	—5	23
Budapest	C	12	54	Paris	C	11	52
B. Aires	C	25	77	Perth	C	20	68
Cairo	S	20	68	Prague	C	10	50
Cardiff	C	8	46	Reykjavik	C	4	39
Chicago	C	2	36	Rio de J'o	S	31	88
Cologne	R	8	46	Rome	F	16	61
Copnhagn.	R	4	39	Singapore	C	31	87
Dublin	C	8	46	Stockholm	Sn	—6	21
Edinburgh	C	7	45	Strasbrg.	R	8	46
Frankfurt	R	8	46	Sydney	F	25	77
Geneva	R	5	41	Tehran	C	7	45
Glasgow	R	8	46	Tel Aviv	S	17	63
Helsinki	F	—7	19	Tokyo	C	9	48
H. Kong	S	17	62	Toronto	C	—2	28
Jo'burg	S	25	76	Vienna	C	10	50
Lisbon	C	14	57	Warsaw	C	10	50
London	C	12	54	Zurich	F	7	45
Luxembrg.	R	3	37				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	15	59	Jersey	C	10	50
Algiers	S	19	66	Las Plms.	F	19	66
Biarritz	F	11	52	Locarno	F	12	54
Blackpool	F	7	45	Majorca	F	15	59
Bordeaux	R	11	52	Malaga	S	18	64
Boulogne	C	9	48	Malta	C	16	61
Casblnca.	S	18	64	Nairobi	R	16	60
Cape Tn.	S	26	79	Naples	C	12	54
Corfu	C	13	55	Nice	S	18	64
Dubrovnik	R	11	52	Nicosia	S	17	63
Florence	F	13	55	Oporto	C	13	55
Funchal	C	16	61	Rhodes	F	15	59
Gibraltar	S	19	66	Salzburg	C	9	48
Guernsey	C	9	48	Tangier	S	16	61
Innsbruck	F	9	48	Tenerife	S	15	59
Inverness	R	6	43	Tunis	C	13	55
Is. of Man	F	7	45	Valencia	S	17	63
Istanbul	F	10	50	Venice	C	12	54

R—Rain. Sn—Snow. S—Sunny. C—Cloudy. F—Fair.

Japan toughens sanctions to deter Yen speculators

BY DOUGLAS RAMSEY — TOKYO, March 15.

JAPAN HAS cut the minimum Yen lending rate to 3.5 per cent. and imposed stricter sanctions on foreign-capital inflows in an attempt to deter speculators who helped push the Yen to its post-war high in Tokyo yesterday of Yen 233 to the dollar.

The Bank of Japan timed the ¾ percentage point cut in its official discount rate to coincide with a decision to levy a 100 per cent. penalty on all additional funds deposited in free Yen accounts with Japanese banks after February.

The system replaces a similar one instituted last November, which applied a 50 per cent. reserve ratio on additional free Yen deposits after October.

Under the new system, receiving banks must place the equivalent of 100 per cent. of any free Yen deposits beyond the level at end February in interest-free accounts at the central bank.

Simultaneously, the Ministry of Finance decided to ban the purchase by non-resident investors of domestic securities on the over-the-counter market, which carry a maturity of less than five years and one month.

The move is meant to close off a major avenue for foreign investors into Yen holdings which carry interest and at the same time let foreign investors make foreign-exchange gains.

The Ministry confirmed tonight that the restriction will be specifically on sales of these securities by resident sellers to non-resident buyers; theoretically, this distinction leaves intact the right of foreign holders of securities maturing in the period to resell their paper to other foreign investors.

The reaction on Tokyo's foreign exchange market to the measures was cautious, although the dollar closed the day's trading at Y234.5.

However, currency analysts point out that the central trading rate on to-day's market was Y233.7 to the dollar. They also say that the new controls adopted by Japan could prove too thin to hold back a renewed flood of foreign interest in the yen.

Japanese authorities have been studying seriously ways to stem the flow of funds into yen, but few market analysts anticipated concrete action this week.

Tokyo postponed any action until after the Swiss Government's crackdown on currency inflows 10 days ago, and dealers assumed that the Ministry of Finance would not go along with new Japanese controls, as suggested by the bank, unless West Germany acted on similar lines to defend the D-mark.

However, that element of reserve seems to have crumbled, since the bilateral U.S.-German currency pact was agreed a few days ago.

The discount rate cut, on the other hand, has been under discussion for months, and the new 3.5 per cent. level has been shrugged off by businessmen, as "too little too late" to get investment moving in the second quarter and pull Japan out of the slump.

The long-term prime rate in Japan will be adjusted in April to perhaps 7 per cent. from the existing 7.6 per cent.

Economic Viewpoint Page 21

CBI avoids clash on pay policy

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE CONFEDERATION of British Industry last night backed down from a confrontation with the Government over the use of pay policy clauses in public sector contracts following Ministers' agreeing a series of detailed changes to the proposed clauses.

But many of the industrialists who attended the meetings which made this decision at the CBI's headquarters yesterday are far from happy about the principle of what Mr. John Greenborough, CBI president, called "this extension of government by diktat."

Their main consolation, in addition to the detailed changes, is that the Government has accepted that the issue will be reopened during consultations on what should follow the present phase of the pay policy at the end of July.

Yesterday's decision means that the CBI is abandoning its plan to issue its own rival clauses to member-companies and will leave it to the companies to decide what to do.

It is assumed that most will accept the clauses which Sir John Methven, CBI director-general, described last night as "a commercial risk with which companies think they can live."

The changes go further than the Government had envisaged a month ago, but Ministers feel that they merely simplify and codify various points and so do not change the principle of the Government insisting that its contractors abide by its pay policy.

The Government is pleased that the issue has brought Phase Three of the policy into a more formalised and settled state.

Taken with the announcement by Mr. Denis Healey, the Chancellor, earlier this week that the Government will be publishing its pay "blacklist" subject to the approval of the companies involved, the arrangements negotiated with the CBI have helped to sort out the *ad hoc* arrangements that have emerged from Whitehall since Phase Three started last summer.

In particular, the Government has agreed a new procedure by which the Department of Employment will, if requested, let a company know within a month of notification of a pay settlement if it is within the guidelines.

The main detailed concessions involve the responsibilities of a contractor for his sub-contractors and the minimum size of workgroups covered. Now only direct sub-contractors with 5 per cent. of a main contract's work or with business worth £500,000 (whichever is the lower) will be covered, subject to a general bottom limit of £10,000.

The main contractor's responsibility will be firstly to ensure that his sub-contracts include the clauses and second, to terminate a sub-contract if instructed to do so by the Government which will indemnify him for any resulting costs. This would not be limited just to the contract on which the sub-contractor had breached the pay policy.

Settlements covered by the clauses will have to include at least 100 people or 10 per cent. of a workforce.

Parliament, Page 15. Editorial Comment, Page 20

Civil Service to review recruitment and training

BY DAVID CHURCHILL

THE GOVERNMENT is planning significant changes in the recruitment, training and accountability of the Civil Service in a bid to improve efficiency. But it has decided for the moment not to make any major changes in Civil Service's structure.

The Government's plans were set out yesterday in a White Paper published in response to the Commons' Expenditure Committee's recent report on the Civil Service.

Under the proposals the Civil Service Commission will have two new, independent members and will review its selection procedures. Training of Civil Servants, especially in mid-career, is also to be reviewed.

The Government plans as well to improve accounting systems "as fast as resources permit."

More information on Civil Service pensions will also be given, the White Paper promises.

But the Expenditure Committee's proposal that parts of the Civil Service Department be returned to the Treasury is ignored by the White Paper, which argues that this is a Prime Ministerial decision. The feeling in Whitehall, however, is that no major change will follow.

The White Paper was strongly criticised last night by some MPs and Civil Service unions.

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Continued from Page 1

Earnings rise may be 14%

major deals so far were within the guidelines.

By mid-March, some 30 per cent. of those expected to be covered by major settlements had agreed, compared with 39 per cent. normally at this stage of the pay round.

The older earnings index, covering 6m. workers, fell by 0.2 per cent. in January to 306.0 (January 1970=100, and seasonally adjusted). This may partly reflect the absence of end-year bonuses.

The result is that the 12-month increase rate was 10.1 per cent. against 10.7 per cent. previously. This compares with a retail price rise of 9.9 per cent. in the year.

The Employment Department also publishes a new earnings index which covers 10m. workers in the whole economy but is not yet seasonally adjusted. This rose by 9.4 per cent. to 121.3 (January 1976=100) in the year to January.

The index of nationally negotiated basic weekly rates of wages of manual workers in February was 5.2 per cent. higher than a year earlier

THE LEX COLUMN

Budgetary advice from the Bank

Index fell 6.5 to 453.9

To-day's money supply figures assume much less importance than they did at the beginning of the week. The mini monetary crisis, such as it was, has now been partly resolved by the heavy demand for tap stocks in the gilt-edged market, with both stocks being strongly bought yesterday. Already the market has satisfactory statistics for trade and earnings under its belt, and there is no longer any great feeling of anxiety over whether or not the authorities will managed to creep back within the 13 per cent. upper target for sterling M3 growth in the year to April. To-day's Bank of England Quarterly Bulletin explains that minor inflows to the private sector have been continuing to swell M3 since November, even though the big influx across the exchanges was choked off by the change to a cleaner float.

The Bank naturally maintains a discreet pre-Budget silence on the question of next year's monetary targets. But its words of caution over the scope for immediate fiscal stimulation of the economy will clearly fall on receptive ears in the gilt-edged market, if not necessarily elsewhere. There is no great comfort for equities, however, with the Bank pointing out that the real rate of return achieved by companies on non-North Sea activities only struggled up to about 3¾ per cent. last year, compared with 9 to 13 per cent. during the 1960s.

Arthur Bell

Arthur Bell has continued to gain market share in the U.K. whisky trade. In the second half of 1977, when industry sales fell by 13 per cent., it maintained sales volume and as a result pushed its slice of U.K. whisky sales up to 21 per cent. This performance is particularly good since the corresponding period benefited from an exceptional rush in sales prior to a promised increase in excise duties.

The company raised its pre-tax profits by almost 50 per cent. to £7.8m. in the six month period, a figure right at the top of the range of analysts' forecasts. There was help from lower charges for interest and depreciation. Whisky price increases in the first half of 1977, however, are the main factor behind the higher profits and the one-point improvement in margins to 10.7 per cent.

Bell also claims to have performed better than its competitors in the export market: its volume was up 4 per cent. against a 2 per cent. growth in industry figures for the period. Now its strategy is to make a big push in the highly competitive U.S. market, where it plans to spend $1m. on advertising and promotion. But it is going to be a very tough job since Bell currently accounts for less than half a per cent. of total whisky sales in the multi-brand U.S. market.

As usual the company's forecast of profits for the whole year —they will at least exceed £11½m. — looks conservative: expectations are running as high as £13m. where the prospective P/E is 5.8, fully taxed. There should be some help from a further increase in market share as a result of the withdrawal of Distillers' Johnny Walker Red Label brand from the U.K. and a 9 per cent. home price increase which Bell is currently seeking to match February's export price increase.

Tokyo market

When the Swiss authorities brought in their draconian curbs on "hot money" inflows at the end of last month the Swiss stock market fell like a stone. Yesterday, the Japanese unveiled their own plan for dealing with the embarrassing foreign inflows, which included banning foreigners from the short-term domestic bond market. But instead of plummeting, the Tokyo New Stock Exchange index touched a new 1977-78 peak and is now less than a couple of points off the 400 level. Meanwhile, the Japanese yen scarcely moved, although the real test will come to-day since the news came at the end of yesterday's trading in Tokyo.

The Japanese package has two prongs. The discount rate has been cut by ¾ of a point and at 3.50 per cent. is now at its lowest post-war level. In addition, a 100 per cent. penalty on all new foreign inflows into free yen accounts has been levied and non-resident purchases of bonds of less than five year maturity have been banned.

The bulk of the foreign inflows has been pouring into the money and short term bond markets. In February close to $2bn. was channelled into these markets, of which $1bn. at least went into bonds. Since the beginning of March the pace has accelerated and foreigners have been punting on the Japanese bond market to an even greater extent than they did on the U.K. gilt edged market last year, given the sharp appreciation in the yen dollar rate and the fall in interest rates, they have made handsome profits.

In the short term the bond market may weaken slightly, but foreign investors are expected to move into longer term bonds and there are suggestions that interest rates will slip still lower, especially if the Japanese authorities attempt to hold the yen at its current level.

For the equity market, the measures have far less relevance. Foreigners have been net sellers of stocks for some months and the tremendous domestic liquidity in the financial system presently is the key to the strength of share prices.

Discount houses

A hundred years ago the discount houses were a power in the land towering over the clearing banks. To-day, their assets of £4bn. account for only 2 per cent. of the U.K. banking system, and although they still play a key part in the City, through their special relationship with the Bank of England, their role is often misunderstood in the outside world.

Consequently, in its second submission to the Wilson Committee, the London Discount Market Association, has made a special effort to shed some light on the market's mystique. This is a welcome move, but the absence of any recommendations in their evidence is rather disappointing given their self-proclaimed "flair for financial innovation." The shortcoming of the Minimum Lending Rate formula are discussed, but no improvements are suggested.

Chrysler shows a profit

By Arthur Smith, Midlands Correspondent

CHRYSLER U.K. is operating profitably for the first time since the Government rescue in 1975. The company refused to discuss profitability last night but is believed to have earned a surplus in February and is set for a further improvement this month.

A dramatic increase in output and quality at the Linwood plant, Scotland, is the principal reason for the turnround from the £21.5m. loss suffered last year and the £43m. deficit in 1976.

On Monday this week output at Linwood hit a record 98 per cent. of target. So far this month production has run at 89 per cent. of the planned 2,800 weekly output.

That compares with a performance of only half that level in the run-up to the damaging three-week strike towards the end of last year.

One factor which might have influenced attitudes at Chrysler's Scottish plant was the company's decision to switch assembly of its new light car, scheduled for next year, to the Ryton factory, Coventry.

The Linwood shop stewards in a bulletin to the workforce have pointed out that substantial improvements in output are essential if the future of the plant is not to be placed in jeopardy.

● Meanwhile, Mr. Eric Varley, the Industry Secretary, said yesterday in a speech to the Foreign Press Association that he was now much more optimistic about Chrysler's future than he had been last year.

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